

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Hungerford, Allison, Nichols &amp; Carter, P.C.</i>			Date	

**CASCADE  
CHARTER TOWNSHIP  
Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended December 31, 2004

**CASCADE CHARTER TOWNSHIP**  
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For the year ended December 31, 2004

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## **FINANCIAL SECTION**

Hungerford, Aldrin,  
Nichols & Carter, P.C.  
CPAs AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT**

March 10, 2005

The Township Board  
Cascade Charter Township  
Kent County, Michigan

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major funds and the aggregate remaining fund information of Cascade Charter Township (the "Township") as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, the major funds and the aggregate remaining fund information of Cascade Charter Township as of December 31, 2004, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Township has implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of January 1, 2004.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Cascade Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hungerford, Alden, Nichols & Carter, P.C.*

Certified Public Accountants



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2004**

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As management of the Cascade Charter Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

**Financial Highlights**

- The Township's net assets increased by \$991,591 (or 7.0%).
- Total expenses of the Township's programs were \$6,749,923.
- Total revenues, including all program and general revenues were \$7,741,514.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$10,719,976, an increase of \$78,385 over the prior year.
- At the end of the current year, unreserved undesignated fund balance for the General Fund was \$2,863,098, or 78 percent of total General Fund expenditures.
- Total debt of the Township decreased by \$886,306 (6 percent) during the current year.

**Overview of the Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the Township:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *Government-wide financial statements* that provide both short-term and long-term information about the Township's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Township, reporting the Township's operations in more detail than the Government-wide statements.
  - ♦ *Governmental funds statements* tell how basic services such as township administration, public safety, library, parks and pathways, etc. were financed in the short term as well as what remains for future spending.
  - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Basic Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

**Government-wide Statements**

The Government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2004**

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The two Government-wide statements report the Township's net assets, and how they have changed. Net assets - the difference between the Township's assets and liabilities - is one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Township's overall health, one should consider additional non-financial factors such as changes in the Township's property tax-base and the condition of township buildings and other facilities.

In the Government-wide financial statements, the Township's activities are presented as follows:

- *Governmental activities:* The Township's basic services are included here, such as general government, public safety, public works, recreation and cultural and other services. State revenue sharing and property taxes finance most of these activities.

**Government-Wide Financial Statements**

The Statement of Net Assets provides financial information on the Township as a whole.

	<b>2004</b>
<b>Assets</b>	
Current assets	\$ 17,649,299
Capital assets	17,908,087
Less accumulated depreciation	<u>(2,876,466)</u>
Capital assets, net book value	<u>15,031,621</u>
<b>Total Assets</b>	<b><u>32,680,920</u></b>
<b>Liabilities</b>	
Current liabilities	5,914,307
Long-term liabilities	<u>11,622,012</u>
<b>Total Liabilities</b>	<b><u>17,536,319</u></b>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	2,318,659
Restricted	403,349
Unrestricted	<u>12,422,593</u>
<b>Total Net Assets</b>	<b><u>\$ 15,144,601</u></b>

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2004**

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The Statement of Activities presents changes in net assets from operating results:

	<b>2004</b>
<b>Program Revenues</b>	
Charges for services	\$ 2,126,847
<b>General Revenues</b>	
Property taxes	4,062,719
State/intergovernmental revenue	1,116,885
Interest earnings	329,746
Other	105,317
<b>Total Revenues</b>	<b>7,741,514</b>
<b>Expenses</b>	
Legislative	29,417
General government	1,587,859
Public safety	2,966,521
Public works	333,282
Recreational and cultural	693,937
Other township	603,743
Interest on long-term debt	535,164
<b>Total Expenses</b>	<b>6,749,923</b>
Increase in net assets	991,591
<b>Net Assets - Beginning of Year</b>	<b>14,153,010</b>
<b>Net Assets - End of Year</b>	<b>\$ 15,144,601</b>

**Financial Analysis of the Township as a Whole**

The Township's financial position is the product of many factors. Growth during the year in property tax base and user fees were significant contributors to revenue increases. A reduction in state revenue sharing reduced anticipated state shared revenues. Total net assets increased by \$991,591 during the year due to these revenue factors and close budgetary control of Township expenses.

Property taxes accounted for most of the Township's revenue, contributing about 52 cents of every dollar raised; licenses, permits, connection charges and other user fees accounted for 27 percent of revenues; another 14 percent came from state and other intergovernmental sources; 4 percent came from interest earnings during the year and the remainder from the sale of Township assets and miscellaneous sources.

The Township's expenses were predominantly related to public safety (43 percent); general government administration (24 percent); and recreational and cultural (10 percent). Interest on long-term debt totaled 8 percent of expenses for the year.

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2004**

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**Financial Analysis of the Township's Funds**

The fund financial statements provide more detailed information about the Township's funds, focusing on its most significant or "major" funds - not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending on particular programs.

The Township utilizes two kinds of funds:

- *Governmental funds:* Most of the Township's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the Township-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Fiduciary funds:* The Township is the trustee, or fiduciary, for assets that belong to others, such as property taxes. The Township is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and/or paid to those to whom the assets belong. The Township excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

The Township uses funds to record and analyze financial information. Cascade Charter Township's funds are described as follows:

Major Funds

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$3,401,679, loan proceeds of \$90,926, total expenditures of \$2,881,811, and transfers to other funds of \$793,928. It ended the fiscal year with a fund balance of \$2,863,098, down from \$3,046,232 at December 31, 2003.

The *Fire Fund* levies property taxes for fire protection services. The Fund had total revenues of \$896,019, total expenditures of \$1,486,211, including transfers for debt service, and transfers from the General Fund of \$400,000. It ended the year with a fund balance of \$430,169, down from \$620,361 at December 31, 2003.

The *Police Fund* levies property taxes for law enforcement purposes. The Fund had total revenues of \$593,376 and total expenditures of \$561,052. It ended the year with a fund balance of \$1,170,954, up from \$1,138,630 at December 31, 2003.

The *Improvement Revolving Fund* collects connection fees for sewer and water hookups to be used for the construction of extensions to the utility systems benefitting Township residents. The Fund had total revenues of \$756,167, total expenditures of \$475,053 and net transfers out for debt service of \$6,084. It ended the year with a fund balance of \$2,646,416, up from \$2,371,386 at December 31, 2003.

The *Library Fund* levies property taxes for library building operations and capital improvements. The Fund does not pay for library personnel labor costs. The Fund had total revenues of \$525,727, total expenditures of \$218,244 and transfers out for debt service of \$202,553. It ended the year with a fund balance of \$2,400,864, up from \$2,295,934 at December 31, 2003.

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2004**

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The *Pathways Fund* levies property taxes for pathway maintenance, construction, improvements and debt service, and also issues bonds for capital improvements. The Fund had total revenues of \$763,610 and total expenditures of \$1,043,781. It ended the year with a fund balance of \$131,949, down from \$412,120 at December 31, 2003.

The *Inspections Fund* collects inspection (building, mechanical, electrical, plumbing) permits from Cascade and other township residents to be used for maintaining the operations of the Inspections Department. The Fund had total revenues of \$1,072,586 and total expenditures of \$909,159. It ended the year with a fund balance of \$372,678, up from \$209,251 at December 31, 2003.

#### Nonmajor Funds

The *Dam Major Repair Fund* collects interest, rentals and General Fund contributions for use in major repairs to the Cascade Dam. Total revenues were \$2,846, transfers in were \$20,000 and expenditures totaled \$4,579. It ended the year with a fund balance of \$244,808, up from \$226,541 at December 31, 2003.

The *HAZMAT Fund* collects contributions from surrounding governmental units to be used for hazardous waste clean-up. Total revenues were \$12,699 and expenditures totaled \$39,390. It ended the year with a fund balance of \$27,885, down from \$55,116 at December 31, 2003.

The Township operates five *Debt Service Funds* which collect special assessments and transfers from other Township Funds to be used for bond principal retirement and interest payments. Total revenues were \$6,393, total expenditures were \$566,246 and transfers in from other funds were \$531,582. The ending fund balances totaled \$115,387, down from \$143,658 at December 31, 2003.

The *Cemetery Perpetual Care Fund* collects cemetery burial fees to be used for future improvements to Township cemeteries. Total revenues were \$9,212 and expenditures were zero for the year. It ended the year with a fund balance of \$41,507, up from \$32,295 at December 31, 2003.

The *Trust Account* and *Tax Account Funds* are operated as Agency Funds of the Township. The assets of these funds are being held for the future payment to the governmental units and businesses and individuals entitled to the monies. Balances on hand at December 31, 2004 totaled \$283,735 in the Trust Account and \$5,775,014 in the Tax Account.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township revised the annual operating budget numerous times to comply with Michigan Department of Treasury guidelines. The budget amendments were made to reflect changes in revenues and expenditures as they occurred during the year, including reduced state shared revenues as the State of Michigan lowered its revenue sharing formula to local governmental units. Loan proceeds were also reduced as some capital outlays were deferred to 2005.

### **Capital Asset and Debt Administration**

#### Capital Assets

By the end of 2004, the Township had a \$17,908,087 investment in a broad range of capital assets, including land, land improvements, buildings and improvements, vehicles and furniture and equipment. (More detailed information about capital assets can be found in the Notes to Basic Financial Statements.)

**CASCADE CHARTER TOWNSHIP**  
**Management's Discussion and Analysis**  
**December 31, 2004**

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Capital asset purchases totaled \$974,072 for the fiscal year with accumulated depreciation increasing \$539,785. The net book value of capital assets at December 31, 2004 is detailed as follows:

Land	\$ 3,918,895
Land improvements	5,472,788
Buildings and improvements	4,618,851
Furniture and equipment	348,092
Vehicles	<u>672,995</u>
<b>Net Capital Assets</b>	<b><u><u>\$ 15,031,621</u></u></b>

Long-Term Debt

At year end, the Township had \$12,629,779 in bonds (general obligation and special assessment), notes, installment purchase agreements and unused vacation pay – prior year debt balances were reduced by payments of \$1,017,352 during the current year. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements.

**Factors Bearing on the Township's Future**

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General Fund budget for 2005 anticipates a reduction in year end fund balance of \$273,982. This estimate reflects property tax growth within the Township, continuing reductions in state shared revenues and a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.
- The Township, along with related Cascade Library organizations, has initiated a fund raising project to support a major expansion of the Library. The estimated cost of the project is \$3,200,000, with a significant portion of the project to be paid from Library Fund balances.

**Contacting the Township's Financial Management**

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jay Cravens, Township Manager, Cascade Charter Township, 2865 Thornhills SE, Grand Rapids, MI, 49546-7192.

## **BASIC FINANCIAL STATEMENTS**



**Statement of Net Assets**  
**December 31, 2004**

	Primary Governmental Activities	Component Unit
<b>Assets</b>		
<b>Current Assets</b>		
Deposits (Note B)	1,641,995	-
Investments (Note B)	9,164,005	442,882
Receivables:		
Taxes (Note C)	4,482,653	371,761
Accounts	33,596	-
Special assessments (Note F)	2,136,210	-
Due from other governmental units	188,298	-
Prepaid expenses	2,542	-
<b>Total Current Assets</b>	<u>17,649,299</u>	<u>814,643</u>
<b>Noncurrent Assets</b>		
Capital assets (Note E)	17,908,087	2,403,000
Less accumulated depreciation	<u>(2,876,466)</u>	<u>(563,680)</u>
<b>Total Noncurrent Assets</b>	<u>15,031,621</u>	<u>1,839,320</u>
<b>Total Assets</b>	<u>32,680,920</u>	<u>2,653,963</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	180,796	639
Due to other governmental units	132,777	-
Accrued interest payable	110,314	10,479
Deferred revenue (Note F)	4,482,653	371,761
Current portion of noncurrent liabilities (Note G)	<u>1,007,767</u>	<u>55,000</u>
<b>Total Current Liabilities</b>	<u>5,914,307</u>	<u>437,879</u>
<b>Noncurrent Liabilities (Note G)</b>		
General obligation bonds payable	3,470,000	-
Building authority bonds payable	4,120,000	-
Special assessment bonds payable	170,000	-
Municipal purchase notes payable	3,755,000	-
Tax increment financing authority bonds payable	-	1,195,000
Installment purchase agreements payable	89,980	-
Accumulated vacation pay	<u>17,032</u>	<u>-</u>
<b>Total Noncurrent Liabilities</b>	<u>11,622,012</u>	<u>1,195,000</u>
<b>Total Liabilities</b>	<u>17,536,319</u>	<u>1,632,879</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	2,318,659	578,841
Restricted for:		
Debt service	129,088	-
Capital projects	274,261	-
Unrestricted	<u>12,422,593</u>	<u>442,243</u>
<b>Total Net Assets</b>	<u>\$ 15,144,601</u>	<u>\$ 1,021,084</u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Statement of Activities**  
**For the year ended December 31, 2004**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants	Primary Government	Component Unit
<b>Primary Government</b>					
Governmental activities:					
Legislative	\$ 29,417	\$ -	\$ -	\$ (29,417)	\$ -
General government	1,587,859	162,312	-	(1,425,547)	-
Public safety	2,966,521	1,262,239	-	(1,704,282)	-
Public works	333,282	-	-	(333,282)	-
Recreational and cultural	693,937	-	-	(693,937)	-
Other township	603,743	-	-	(603,743)	-
Interest expense	535,164	-	-	(535,164)	-
Depreciation - unallocated	-	-	-	-	-
<b>Total Primary Government</b>	<b>6,749,923</b>	<b>1,424,551</b>	<b>-</b>	<b>(5,325,372)</b>	<b>-</b>
<b>Component Unit</b>					
Downtown Development Authority	193,420	-	-		(193,420)
General revenues:					
Property taxes levied for::					
General operations				1,698,638	-
Fire				869,821	-
Police				563,511	-
Library				459,280	-
Pathways				471,469	-
Downtown development authority				-	344,929
State revenue sharing				1,096,585	-
Intergovernmental revenues				20,300	-
Interest and investment earnings				329,746	7,792
Other				846,224	-
Gain (loss) on sale of capital assets				(38,611)	-
<b>Total General Revenues</b>				<b>6,316,963</b>	<b>352,721</b>
<b>Change in Net Assets</b>				<b>991,591</b>	<b>159,301</b>
<b>Net Assets - Beginning of Year</b>				<b>14,153,010</b>	<b>861,783</b>
<b>Net Assets - End of Year</b>				<b>\$ 15,144,601</b>	<b>\$ 1,021,084</b>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2004**

				Special Improvement Revolving
Assets	General	Fire	Police	
Deposits (Note B)	\$ 301,289	\$ -	\$ -	\$ 980,837
Investments (Note B)	2,420,686	485,644	1,246,882	1,660,914
Receivables:				
Taxes (Note C)	1,296,577	1,625,334	588,590	-
Accounts	17,521	-	-	4,665
Special assessments (Note F)	-	-	-	2,114,297
Due from other funds (Note D)	11,410	-	-	-
Due from other governmental units	188,298	-	-	-
Prepaid expenditures	2,542	-	-	-
<b>Total Assets</b>	<b>\$ 4,238,323</b>	<b>\$ 2,110,978</b>	<b>\$ 1,835,472</b>	<b>\$ 4,760,713</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 78,648	\$ 55,475	\$ -	\$ -
Due to other governmental units	-	-	75,928	-
Deferred revenue (Note F)	1,296,577	1,625,334	588,590	2,114,297
<b>Total Liabilities</b>	<b>1,375,225</b>	<b>1,680,809</b>	<b>664,518</b>	<b>2,114,297</b>
<b>Fund Balances</b>				
Reserved for:				
Debt service	-	-	-	-
Unreserved:				
Designated	51,019	-	-	2,646,416
Undesignated, reported in:				
General fund	2,812,079	-	-	-
Special revenue funds	-	430,169	1,170,954	-
<b>Total Fund Balances</b>	<b>2,863,098</b>	<b>430,169</b>	<b>1,170,954</b>	<b>2,646,416</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,238,323</b>	<b>\$ 2,110,978</b>	<b>\$ 1,835,472</b>	<b>\$ 4,760,713</b>

See accompanying notes to basic financial statements.

Revenue				
Library	Pathways	Inspections	Other Governmental	Total
\$ 115,061	\$ -	\$ -	\$ 244,808	\$ 1,641,995
2,324,671	186,508	382,773	455,927	9,164,005
479,712	492,440	-	-	4,482,653
-	-	-	-	22,186
-	-	-	21,913	2,136,210
-	-	-	-	11,410
-	-	-	-	188,298
-	-	-	-	2,542
<u>\$ 2,919,444</u>	<u>\$ 678,948</u>	<u>\$ 382,773</u>	<u>\$ 722,648</u>	<u>\$ 17,649,299</u>
\$ 38,868	\$ 5,021	\$ 2,784	\$ -	\$ 180,796
-	49,538	7,311	-	132,777
479,712	492,440	-	18,800	6,615,750
<u>518,580</u>	<u>546,999</u>	<u>10,095</u>	<u>18,800</u>	<u>6,929,323</u>
-	-	-	115,387	115,387
400,000	-	-	560,576	3,658,011
-	-	-	-	2,812,079
2,000,864	131,949	372,678	27,885	4,134,499
<u>2,400,864</u>	<u>131,949</u>	<u>372,678</u>	<u>703,848</u>	<u>10,719,976</u>
<u>\$ 2,919,444</u>	<u>\$ 678,948</u>	<u>\$ 382,773</u>	<u>\$ 722,648</u>	<u>\$ 17,649,299</u>

**CASCADE CHARTER TOWNSHIP**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**December 31, 2004**

<b>Total governmental fund balances</b>		<b>\$ 10,719,976</b>
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$17,908,087 and accumulated depreciation is \$2,876,466.		15,031,621
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Special assessments receivable		2,133,097
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	(3,740,000)	
Building authority bonds	(4,495,000)	
Special assessment bonds	(196,000)	
Municipal purchase notes	(4,045,000)	
Installment purchase agreements	(131,747)	
Accumulated vacation pay	(22,032)	(12,629,779)
Accrued interest is not included as a liability in governmental funds		(110,314)
<b>Total net assets - governmental activities</b>		<b>\$ 15,144,601</b>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended December 31, 2004**

	General	Fire	Police	Special Improvement Revolving
<b>Revenues</b>				
Taxes	\$ 1,698,638	\$ 869,821	\$ 563,511	\$ -
Licenses and permits	180,519	-	-	-
State sources	1,096,585	-	-	-
Intergovernmental sources	-	-	-	-
Charges for services	162,312	-	-	-
Interest and rentals	159,151	16,797	29,865	53,871
Other revenue	104,474	9,401	-	702,296
<b>Total Revenues</b>	<b>3,401,679</b>	<b>896,019</b>	<b>593,376</b>	<b>756,167</b>
<b>Expenditures</b>				
Current:				
Legislative	29,417	-	-	-
General government	1,515,623	-	-	-
Public safety	142,809	1,371,482	561,052	-
Public works	333,282	-	-	-
Recreational and cultural	64,325	-	-	-
Other township	422,639	-	-	-
Capital outlay	282,635	-	-	117,090
Debt service:				
Principal repayment	55,000	18,832	-	250,000
Interest and fiscal charges	36,081	3,275	-	107,963
<b>Total Expenditures</b>	<b>2,881,811</b>	<b>1,393,589</b>	<b>561,052</b>	<b>475,053</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>519,868</b>	<b>(497,570)</b>	<b>32,324</b>	<b>281,114</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	400,000	-	10,346
Loan proceeds	90,926	-	-	-
Transfers out	(793,928)	(92,622)	-	(16,430)
<b>Total Other Financing Sources (Uses)</b>	<b>(703,002)</b>	<b>307,378</b>	<b>-</b>	<b>(6,084)</b>
<b>Net Change in Fund Balances</b>	<b>(183,134)</b>	<b>(190,192)</b>	<b>32,324</b>	<b>275,030</b>
<b>Fund Balances, January 1</b>	<b>3,046,232</b>	<b>620,361</b>	<b>1,138,630</b>	<b>2,371,386</b>
<b>Fund Balances, December 31</b>	<b>\$ 2,863,098</b>	<b>\$ 430,169</b>	<b>\$ 1,170,954</b>	<b>\$ 2,646,416</b>

See accompanying notes to basic financial statements.

Revenue				
Library	Pathways	Inspections	Other Governmental	Total
\$ 459,280	\$ 471,469	\$ -	\$ -	\$ 4,062,719
-	-	1,068,811	-	1,249,330
-	-	-	-	1,096,585
20,300	-	-	-	20,300
-	-	909	12,000	175,221
46,147	9,448	2,010	12,457	329,746
-	282,693	856	47,282	1,147,002
<u>525,727</u>	<u>763,610</u>	<u>1,072,586</u>	<u>71,739</u>	<u>8,080,903</u>
-	-	-	-	29,417
-	-	-	4,579	1,520,202
-	-	909,159	39,930	3,024,432
-	-	-	-	333,282
218,244	614,279	-	-	896,848
-	-	-	-	422,639
-	-	-	-	399,725
-	225,000	-	376,000	924,832
-	204,502	-	190,246	542,067
<u>218,244</u>	<u>1,043,781</u>	<u>909,159</u>	<u>610,755</u>	<u>8,093,444</u>
<u>307,483</u>	<u>(280,171)</u>	<u>163,427</u>	<u>(539,016)</u>	<u>(12,541)</u>
-	-	-	705,533	1,115,879
-	-	-	-	90,926
(202,553)	-	-	(10,346)	(1,115,879)
<u>(202,553)</u>	<u>-</u>	<u>-</u>	<u>695,187</u>	<u>90,926</u>
104,930	(280,171)	163,427	156,171	78,385
<u>2,295,934</u>	<u>412,120</u>	<u>209,251</u>	<u>547,677</u>	<u>10,641,591</u>
<u>\$ 2,400,864</u>	<u>\$ 131,949</u>	<u>\$ 372,678</u>	<u>\$ 703,848</u>	<u>\$ 10,719,976</u>

**CASCADE CHARTER TOWNSHIP**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended December 31, 2004**

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**Net change in fund balances - total governmental funds** \$ 78,385

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays	\$ 974,072	
Depreciation expense	<u>(539,785)</u>	434,287

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold. (334,205)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:  
     Special assessments (30,085)

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (90,926)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of general obligation bonds	250,000	
Repayment of building authority bonds	350,000	
Repayment of special assessment bonds	26,000	
Repayment of municipal purchase notes	280,000	
Repayment of installment purchase agreements	<u>18,832</u>	924,832

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. 6,903

In the Statement of Net Assets, accumulated vacation pay is measured by the amount earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$92,700) exceeded the amounts earned (\$90,300). 2,400

**Total changes in net assets - governmental activities** \$ 991,591

See accompanying notes to basic financial statements.



**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2004**

	Budgeted Amounts		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,680,088	\$ 1,677,619	\$ 1,698,638	\$ 21,019
Licenses and permits	144,662	177,047	180,519	3,472
State sources	1,003,016	1,057,198	1,096,585	39,387
Charges for services	109,696	144,052	162,312	18,260
Interest and rentals	129,432	144,840	159,151	14,311
Other revenue	76,291	85,578	104,474	18,896
<b>Total Revenues</b>	<b>3,143,185</b>	<b>3,286,334</b>	<b>3,401,679</b>	<b>115,345</b>
<b>Expenditures</b>				
Current:				
Legislative:				
Township board	27,309	29,429	29,417	12
General government:				
Supervisor	5,125	5,175	5,047	128
Manager	136,058	138,043	137,160	883
Elections	25,910	25,910	21,128	4,782
Assessor	216,981	223,381	218,219	5,162
Clerk	103,070	107,030	107,000	30
Board of review	2,835	2,835	2,070	765
General administration	515,792	534,253	521,847	12,406
Treasurer	106,249	108,249	102,599	5,650
Buildings and grounds	373,365	403,667	362,056	41,611
Cemetery	60,788	52,788	38,497	14,291
Total general government	1,546,173	1,601,331	1,515,623	85,708
Public safety:				
Planning	155,939	155,939	142,809	13,130
Public works:				
Drains	11,000	32,200	35,764	(3,564)
Highways, streets and bridges	175,000	175,595	128,498	47,097
Street lighting	107,550	107,550	103,698	3,852
Hydrant rental	36,000	33,960	33,960	-
Sanitation services	60,000	60,000	31,362	28,638
Total public works	389,550	409,305	333,282	76,023
Recreation and cultural:				
Parks and recreation	65,120	65,120	63,606	1,514
Historical	950	950	719	231
Total recreation and cultural	66,070	66,070	64,325	77,768
Other township	437,558	433,479	422,639	10,840
Capital outlay	150,260	310,310	282,635	27,675

(Continued)

**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2004**

	Budgeted Amounts		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>Expenditures (Continued)</b>				
Debt service:				
Principal repayment	\$ 55,000	\$ 55,000	\$ 55,000	\$ -
Interest and fiscal charges	36,832	36,767	36,081	686
	<u>91,832</u>	<u>91,767</u>	<u>91,081</u>	<u>686</u>
<b>Total Expenditures</b>	<u>2,864,691</u>	<u>3,097,630</u>	<u>2,881,811</u>	<u>215,819</u>
<b>Excess of Revenues Over Expenditures</b>	<u>278,494</u>	<u>188,704</u>	<u>519,868</u>	<u>331,164</u>
<b>Other Financing Sources (Uses)</b>				
Loan proceeds	150,260	44,000	90,926	46,926
Transfers out	(724,374)	(793,535)	(793,928)	(393)
<b>Total Other Financing Sources (Uses)</b>	<u>(574,114)</u>	<u>(749,535)</u>	<u>(703,002)</u>	<u>46,533</u>
<b>Net Change in Fund Balances</b>	<u>(295,620)</u>	<u>(560,831)</u>	<u>(183,134)</u>	<u>377,697</u>
<b>Fund Balances, January 1</b>	<u>3,046,232</u>	<u>3,046,232</u>	<u>3,046,232</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 2,750,612</u></u>	<u><u>\$ 2,485,401</u></u>	<u><u>\$ 2,863,098</u></u>	<u><u>\$ 377,697</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Fire Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2004**

	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 869,481	\$ 869,821	\$ 340
Interest and rentals	14,088	16,797	2,709
Other revenue	8,349	9,401	1,052
<b>Total Revenues</b>	<b>891,918</b>	<b>896,019</b>	<b>4,101</b>
<b>Expenditures</b>			
Current:			
Public safety	1,536,858	1,371,482	165,376
Debt service:			
Principal repayment	18,832	18,832	-
Interest and fiscal charges	3,275	3,275	-
<b>Total Expenditures</b>	<b>1,558,965</b>	<b>1,393,589</b>	<b>165,376</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(667,047)</b>	<b>(497,570)</b>	<b>169,477</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	400,000	400,000	-
Loan proceeds	46,101	-	(46,101)
Transfers out	(92,273)	(92,622)	(349)
<b>Total Other Financing Sources (Uses)</b>	<b>353,828</b>	<b>307,378</b>	<b>(46,450)</b>
<b>Net Change in Fund Balances</b>	<b>(313,219)</b>	<b>(190,192)</b>	<b>123,027</b>
<b>Fund Balances, January 1</b>	<b>620,361</b>	<b>620,361</b>	<b>-</b>
<b>Fund Balances, December 31</b>	<b>\$ 307,142</b>	<b>\$ 430,169</b>	<b>\$ 123,027</b>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Police Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2004**

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 562,934	\$ 563,511	\$ 577
Interest and rentals	21,629	29,865	8,236
<b>Total Revenues</b>	<u>584,563</u>	<u>593,376</u>	<u>8,813</u>
<b>Expenditures</b>			
Current:			
Public safety:			
Law enforcement	550,222	561,052	(10,830)
<b>Net Change in Fund Balances</b>	<u>34,341</u>	<u>32,324</u>	<u>(2,017)</u>
<b>Fund Balances, January 1</b>	<u>1,138,630</u>	<u>1,138,630</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 1,172,971</u></u>	<u><u>\$ 1,170,954</u></u>	<u><u>\$ (2,017)</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Improvement Revolving Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2004**

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>			
Interest and rentals	\$ 45,248	\$ 53,871	\$ 8,623
Other revenue	568,662	702,296	133,634
<b>Total Revenues</b>	<u>613,910</u>	<u>756,167</u>	<u>142,257</u>
<b>Expenditures</b>			
Capital outlay	110,183	117,090	(6,907)
Debt service:			
Principal repayment	250,000	250,000	-
Interest and fiscal charges	108,113	107,963	150
Total debt service	<u>358,113</u>	<u>357,963</u>	<u>150</u>
<b>Total Expenditures</b>	<u>468,296</u>	<u>475,053</u>	<u>(6,757)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>145,614</u>	<u>281,114</u>	<u>135,500</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	10,000	10,346	346
Transfers out	<u>(16,430)</u>	<u>(16,430)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(6,430)</u>	<u>(6,084)</u>	<u>346</u>
<b>Net Change in Fund Balances</b>	139,184	275,030	135,846
<b>Fund Balances, January 1</b>	<u>2,371,386</u>	<u>2,371,386</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 2,510,570</u></u>	<u><u>\$ 2,646,416</u></u>	<u><u>\$ 135,846</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Library Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2004**

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 458,745	\$ 459,280	\$ 535
Intergovernmental sources	20,300	20,300	-
Interest and rentals	38,124	46,147	8,023
<b>Total Revenues</b>	<u>517,169</u>	<u>525,727</u>	<u>8,558</u>
<b>Expenditures</b>			
Current:			
Recreation and cultural:			
Library	234,035	218,244	15,791
<b>Excess of Revenues Over Expenditures</b>	<u>283,134</u>	<u>307,483</u>	<u>24,349</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	(202,825)	(202,553)	272
<b>Net Change in Fund Balances</b>	80,309	104,930	24,621
<b>Fund Balances, January 1</b>	<u>2,295,934</u>	<u>2,295,934</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 2,376,243</u></u>	<u><u>\$ 2,400,864</u></u>	<u><u>\$ 24,621</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Pathways Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2004**

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>			
Property taxes	\$ 470,919	\$ 471,469	\$ 550
Interest and rentals	8,998	9,448	450
Other revenue	282,692	282,693	1
<b>Total Revenues</b>	<u>762,609</u>	<u>763,610</u>	<u>1,001</u>
<b>Expenditures</b>			
Current:			
Recreation and cultural:			
Parks and recreation	668,045	614,279	53,766
Debt service:			
Principal repayment	225,000	225,000	-
Interest and fiscal charges	205,262	204,502	760
Total debt service	<u>430,262</u>	<u>429,502</u>	<u>760</u>
<b>Total Expenditures</b>	<u>1,098,307</u>	<u>1,043,781</u>	<u>54,526</u>
<b>Net Change in Fund Balances</b>	(335,698)	(280,171)	55,527
<b>Fund Balances, January 1</b>	<u>412,120</u>	<u>412,120</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 76,422</u></u>	<u><u>\$ 131,949</u></u>	<u><u>\$ 55,527</u></u>

See accompanying notes to basic financial statements.

**CASCADE CHARTER TOWNSHIP**  
**Inspections Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2004**

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>			
Licenses and permits	\$ 1,024,941	\$ 1,068,811	\$ 43,870
Charges for services	909	909	-
Interest and rentals	1,041	2,010	969
Other revenue	445	856	411
<b>Total Revenues</b>	<u>1,027,336</u>	<u>1,072,586</u>	<u>45,250</u>
<b>Expenditures</b>			
Current:			
Public safety	943,569	909,159	34,410
<b>Net Change in Fund Balances</b>	83,767	163,427	79,660
<b>Fund Balances, January 1</b>	<u>209,251</u>	<u>209,251</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 293,018</u></u>	<u><u>\$ 372,678</u></u>	<u><u>\$ 79,660</u></u>

See accompanying notes to basic financial statements.



**CASCADE CHARTER TOWNSHIP**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**December 31, 2004**

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	<u>Agency Funds</u>
<b>Assets</b>	
Deposits (Note B)	\$ 43,248
Investments (Note B)	<u>6,015,501</u>
<b>Total Assets</b>	<u><u>\$ 6,058,749</u></u>
<b>Liabilities</b>	
Due to other funds (Note D)	\$ 11,410
Due to other governmental units	5,763,604
Escrow deposits	<u>283,735</u>
<b>Total Liabilities</b>	<u><u>\$ 6,058,749</u></u>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

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**Note A – Summary of Significant Accounting Policies**

Cascade Charter Township was organized as a general law township under applicable laws of the State of Michigan and was incorporated as a charter township on May 16, 1980 under provisions of Act 359, Public Acts of 1947, as amended by the Public Acts of 1976. The Township is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and four Trustees. The Township is administered by a Manager appointed by the aforementioned Board. The Township provides, or contributes to the providing of, the following services to its residents as provided by statute: public safety (police, fire, inspection), highways and streets, parks and recreation, cultural, public improvements, planning and zoning, general administrative and other services.

The financial statements of Cascade Charter Township (the "Township") have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In calendar year 2004, the Township adopted GASB Statement No. 34, "*Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*." GASB Statement No. 34 requires new basic financial statements for reporting on the Township's financial activities. The effect of this change was to include a management's discussion and analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operation; include government-wide financial statements prepared on the full accrual basis of accounting; and include fund financial statements which present information with a focus on major funds, rather than on fund type.

The more significant of the Township's accounting policies are described below.

**1. Reporting Entity**

The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable.

The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationships to the Township.

Cascade Charter Township Building Authority  
Cascade Charter Township Downtown Development Authority

*Blended Component Units*

Entities whose governing bodies are substantially the same as the governing body of the primary government, or those which provide services entirely, or virtually entirely, for the benefit of the primary government, are disclosed as blended component units.

The *Cascade Charter Township Building Authority* is blended in the Debt Service Funds because its sole purpose is to finance and construct the Township's public buildings. Separate financial statements are not prepared for the Building Authority.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

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*Discretely Presented Component Units*

These component units are reported in a separate column to emphasize that, while legally separate, Cascade Charter Township remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Cascade Charter Township is such that exclusion of these entities would render the financial statements misleading or incomplete.

The *Cascade Charter Township Downtown Development Authority* is responsible for the improvement and ongoing maintenance and debt service of the Downtown Development Improvement District. Separate financial statements are not prepared for the Downtown Development Authority.

**2. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements** - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

**Fund Financial Statements** - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *Fire Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township Fire Department.

The *Police Special Revenue Fund* accounts for property tax revenues levied to maintain law enforcement activities in the Township.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

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The *Improvement Revolving Special Revenue Fund* accounts for special assessments and fees used to construct and improve the sewer sanitation and water supply systems in the Township.

The *Library Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township library.

The *Pathways Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and debt service of the Township pedestrian pathways system.

The *Inspections Special Revenue Fund* accounts for permit fees collected to maintain the operations of the Township inspections department.

Additionally, the Township reports the following non-major fund types:

The *Cascade Dam Major Repair Fund* accounts for rental fees and General Fund contributions collected to be used for major repairs or renovations to the Cascade Dam.

The *HAZMAT Special Revenue Fund* accounts for intergovernmental fees to be used for the disposal of hazardous materials.

The *Cemetery Trust Permanent Fund* accounts for fees collected to be used for cemetery improvements.

The *Trust Account Agency Fund* accounts for the collection of bonds and deposits and the payment to the governmental units or other persons entitled to receive these funds.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

### **3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

*Government-wide and fiduciary fund financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

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associated with current period are all considered to susceptible to accrual and have been recognized as revenues of the current fiscal period. Property taxes levied for the subsequent fiscal year are presented as deferred revenue at fiscal year end.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

#### **4. Budgets and Budgetary Accounting**

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General and Special Revenue Funds are subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Township Manager, the various department heads, Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in September, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General Fund and Special Revenue Funds.
- Prior to January 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budgets as amended by the Township.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

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**5. Investments**

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

**6. Capital Assets**

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	25-40 years
Vehicles	5-20 years
Furniture and equipment	5-15 years

**7. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**8. Accumulated Vacation Pay**

Accumulated vacation pay at December 31, 2004 has been computed and recorded in the financial statements of the Township. At present, each Township employee may accumulate all unused vacation days and be reimbursed at their current salary rate for total days accumulated upon termination or retirement. At December 31, 2004, the accumulated liability (expected to be financed by General Fund and Fire and Inspections Special Revenue Funds revenues) amounted to \$22,032.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

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**9. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

**10. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**11. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

**12. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note B – Cash, Deposits and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- In commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
- In United States government or federal obligation repurchase agreements.
- In bankers' acceptances of United States banks.



**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

- In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.
- In surplus funds investment pools.

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Fifth Third Bank
2. Huntington National Bank
3. National City Bank of Michigan/Illinois
4. Bank One
5. Standard Federal Bank
6. Founders Trust Personal Bank
7. Chemical Bank
8. Mercantile Bank
9. United Bank
10. Kent County Local Government Pooled Investment Account

Balances at December 31, 2004 related to cash, deposits and investments for all funds and component units are detailed as follows:

Cash	\$ —
Deposits	1,685,243
Investments	15,622,388
	<u>\$17,307,631</u>

### **Cash and Deposits**

Cash consists of cash on hand and bank non-interest earning checking accounts. Deposits consist of bank interest-earning checking, savings and money market accounts and certificates of deposit.

Cash and deposits at December 31, 2004, as shown by carrying amount and bank balance, and classified by categories of credit risk, are itemized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured – FDIC	\$ 851,676	\$ 851,676
Uninsured:		
Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging bank or its trust department or agent but not in the Township's name.)	833,567	778,715
	<u>\$ 1,685,243</u>	<u>\$ 1,630,391</u>

### **Investments**

Investments consist of bank governmental sweep and pooled investment accounts, U.S. Government securities, commercial paper and monies at the Kent County Local Government Pooled Investment Account. Investments are valued at fair market value.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

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The Kent County and bank investment pools consist of monies advanced for investment with accounts established in the Township's name within the pools. Interest earnings from the subsequent reinvestment of the pooled funds are credited to the Township on a pro-rata basis in relation to its percentage of deposits in the pools. These investments, with fair market value which approximates cost, are not categorized because participation in such funds does not result in direct ownership of individual securities, but rather shares. However, the investments of the pools are classified as Risk Level 1 because these investments are held by the Fund or its agent in the name of the Fund.

Uninsured/Uncategorized:

National City Bank Corporate Sweep Account	\$ 7,530,631
Standard Federal Bank	
Public Funds Investment Trust Account	58,155
Kent County Local Government Pooled Investment Account	<u>5,635,244</u>
	<u>\$13,322,688</u>

Other investments owned by the Township at December 31, 2004 and held in safekeeping (Category 1) are detailed as follows:

	<u>Carrying Amount</u>	<u>Par Value</u>
FNMA, FHLB – Bonds, Notes	\$ 2,299,700	\$ 2,299,700

### **Note C – General Property Taxes**

Property taxes for the Township and County become due and payable on December 1 of each year. School district taxes are payable July 1 and December 1 of each year, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Property tax revenues are recognized by the Township in the calendar year for which taxes have been levied. For the 2004 calendar year, the 2003 Township property tax levies are recognized in the amounts collected. As the 2004 property tax roll was levied for 2005 operations, Township taxes that become due December 1, 2004 have not been included as revenue for the year ended December 31, 2004. Instead, the uncollected portion of the 2004 Township tax roll at December 31, 2004 is reported in the General, Police, Fire, Library and Pathways Funds as taxes receivable, with total 2004 Township levies reported as deferred revenue.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Kent County, Kent District Library, Kent Intermediate School District, Grand Rapids Community College, Caledonia Community Schools, Forest Hills Public Schools and Lowell Area Schools. The collection and remittance of taxes are accounted for in the Tax Account Agency Fund. Taxes collected in December, 2004 on the 2004 tax roll are shown as amounts due to other governmental units in the Tax Account Agency Fund.

The Township is permitted by statute (Act 359, Public Acts of 1947, as amended by Public Acts of 1976) to levy up to 1.1 mills of general property taxes on the taxable valuation in the Township. Due to the effect of the Headlee Amendment, the actual tax levies were reduced to .9716 mills for 2004 general operations. The Township also levied .7352 mills for fire protection, .4763 mills for police protection, .3882 mills for library services and .3985 mills for pathways, as previously approved by Township electors and reduced by the effect of the Headlee Amendment.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

The Township also levies street lighting and hydrant rental assessments on benefiting real property in the Township.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
Township taxes levied	\$3,975,585	\$3,407,148	\$3,228,050	\$3,041,186
Taxes collected:				
Current to March 1	3,822,057	3,284,624	3,099,001	2,888,563
Total to December 31, 2004	3,948,135	3,385,512	3,219,774	3,035,982
Percentages of collections:				
Current to March 1	96.14%	96.40%	96.00%	94.98%
Total to December 31, 2004	99.31%	99.36%	99.74%	99.83%

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon State Equalized Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for prior years are compared with 2004 valuations in the following summary:

<b>Year</b>	<b>Real</b>	<b>Personal</b>	<b>Total</b>
2004	\$1,118,866,865	\$127,329,203	\$1,246,196,068
2003	1,061,911,828	130,160,600	1,192,072,428
2002	1,011,639,610	135,639,100	1,147,278,710
2001	955,669,815	131,302,300	1,086,972,115
2000	892,195,449	131,854,979	1,024,050,428
1999	836,089,119	134,908,873	970,997,992
1998	791,675,035	109,630,700	901,305,735
1997	735,840,066	99,440,840	835,280,906
1996	683,181,906	94,172,800	777,354,706
1995	631,559,212	85,084,600	716,643,812

The State Equalized Valuations do not include valuation of certain facilities which are exempt under Act 198, Public Acts 1974 or Act 255, Public Acts 1978. These Acts are designed to provide stimulus in the form of significant tax incentives to industrial and commercial enterprises to renovate and expand aging facilities and to build new facilities in Michigan. Under the provisions of the Acts, a local governmental unit (city, village or township) in which the total property tax levy is at least 30 mills or in which a city income tax is levied may establish rehabilitation districts and industrial development districts to encourage restoration or replacement of obsolete facilities and to attract new plants to the area.

An Industrial (Act 198) or Commercial Act (Act 255) Facilities Exemption Certificate entitles the facility to exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the firm will pay a specific tax. The tax for an obsolete facility which is being restored or replaced is determined in exactly the same manner as the ad valorem property tax, the important difference being that the state equalized valuation of the property remains at the level assessed on the obsolete facility prior to the improvements, even though the restoration or replacement substantially increases the true cash value of the facility. For a new facility being built in a rehabilitation or a development district, the tax is also determined the

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

same as the ad valorem property tax but instead of using the total mills levied as ad valorem taxes, only half the millage rate is applied. The amount of the resulting tax thus is equal to 50% of the property tax which otherwise would be payable. The 2004 valuation of these certificates is compared with prior years in the following exhibit.

<b>Year</b>	<b>Real</b>	<b>Personal</b>	<b>Total</b>
2004	\$27,308,598	\$28,283,200	\$55,591,798
2003	25,266,200	27,428,800	52,695,000
2002	26,448,122	30,987,200	57,435,322
2001	26,324,071	33,995,800	60,319,871
2000	25,798,120	31,576,300	57,374,420
1999	23,842,608	20,994,200	44,836,808
1998	16,614,047	17,010,200	33,624,247
1997	22,493,922	19,866,200	42,360,122
1996	20,693,461	19,415,200	40,108,661
1995	21,755,000	14,756,000	36,511,000

**Note D – Due From (To) Other Funds/Transfers In (Out)**

Amounts due from (to) other funds representing 2004 interest earnings in the Tax Account Agency Fund due at December 31, 2004 are detailed as followed:

	<b>Due From</b>	<b>Due To</b>
General Fund:		
Agency Fund:		
Tax Account Agency Fund	\$ 11,410	\$ —
Agency Fund:		
Tax Account Agency Fund:		
General Fund	—	11,410
	<u>\$ 11,410</u>	<u>\$ 11,410</u>

Interfund transfers during the year ended December 31, 2004 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Funds</b>		
General Fund		
Special Revenue Funds:		
Fire Special Revenue Fund	\$ —	\$ 400,000
Cascade Dam Major Repair Fund	—	20,000
Debt Service Funds:		
Building Authority Fund	—	230,323
Capital Projects Fund:		
Openspace Preservation Fund	—	135,000
Permanent Fund:		
Cemetery Perpetual Care Fund	—	8,605
Total General Fund	<u>—</u>	<u>793,928</u>

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

	<b>Transfers In</b>	<b>Transfers Out</b>
Fire Fund:		
General Fund	\$ 400,000	\$ —
Building Authority Debt Service Fund	—	92,622
Improvement Revolving Fund:		
1988-A Debt Service Fund	—	16,430
1988-B Debt Service Fund	10,346	—
Library Fund:		
Building Authority Debt Service Fund	—	202,553
<b>Total Major Funds</b>	<b>410,346</b>	<b>1,105,533</b>
<b>Nonmajor Funds</b>		
Special Revenue Fund:		
Cascade Dam Major Repair Fund:		
General Fund	20,000	—
Debt Service Funds:		
1988-A Fund:		
Improvement Revolving Special Revenue Fund	16,430	—
1988-B Fund:		
Improvement Revolving Special Revenue Fund	—	10,346
Building Authority Fund:		
General Fund	230,323	—
Fire Special Revenue Fund	92,622	—
Library Special Revenue Fund	202,553	—
Capital Projects Fund:		
Openspace Preservation Fund:		
General Fund	135,000	—
Permanent Fund:		
Cemetery Perpetual Care Fund:		
General Fund	8,605	—
<b>Total Nonmajor Funds</b>	<b>705,533</b>	<b>10,346</b>
<b>Total</b>	<b>\$ 1,115,879</b>	<b>\$ 1,115,879</b>

The General Fund transfer to the Fire Special Revenue Fund was made to pay the amount budgeted for 2004 to support Township fire expenditures. The General Fund transfer to the Cemetery Perpetual Care fund was made to pay the agreed-upon portion of cemetery fees collected in 2004. The General Fund transfer to Dam Major Repair Fund was made to maintain a previously agreed-on level of fund balance in the Dam Major Repair Fund. The General Fund transfer to the Open Spaces Preservation was made to pay the previously agreed-on annual amount to fund future capital outlays.

All of the transfers to the Debt Service Funds were made to fund required 2004 principal and payments. The 1988-B Debt Service Fund transferred its remaining balance of \$10,346 to the Improvement Revolving Special Revenue Fund.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

**Note E – General Fixed Assets**

Capital asset activity for the year ended December 31, 2004 was as follows:

**Primary Government**

	<b>Balances January 1, 2004</b>	<b>Additions</b>	<b>Sales/ Retirements</b>	<b>Balances December 31, 2004</b>
Capital assets not depreciated:				
Land	\$ 4,228,199	\$ —	\$ 309,304	\$ 3,918,895
Capital assets being depreciated:				
Land improvements	6,001,264	582,588	—	6,583,852
Buildings and improvements	5,460,800	264,880	—	5,725,680
Furniture and equipment	414,946	58,808	—	473,754
Vehicles	1,264,653	67,796	126,543	1,205,906
	<u>17,369,862</u>	<u>\$ 974,072</u>	<u>\$ 435,847</u>	<u>17,908,087</u>
Totals at historical cost				
Less accumulated depreciation for:				
Land improvements	\$ 814,898	\$ 296,166	\$ —	\$ 1,111,064
Buildings and improvements	977,047	129,782	—	1,106,829
Furniture and equipment	90,903	34,759	—	125,662
Vehicles	555,476	79,078	101,643	532,911
Total accumulated depreciation	<u>2,438,324</u>	<u>\$ 539,785</u>	<u>\$ 101,643</u>	<u>2,876,466</u>
<b>Net Capital Assets</b>	<u>\$ 14,931,538</u>			<u>\$ 15,031,621</u>

Depreciation expense was charged to Township activities as follows:

General government	\$ 70,057
Public safety	95,639
Recreational and cultural	<u>374,089</u>
	<u>\$ 539,785</u>

**Discretely Presented Component Unit**

Capital asset activity for the Downtown Development Authority (DDA) for the year ended December 31, 2004 was as follows:

	<b>Balances January 1, 2004</b>	<b>Additions</b>	<b>Sales/ Retirements</b>	<b>Balances December 31, 2004</b>
Capital assets being depreciated:				
Land improvements	\$ 2,403,000	\$ —	\$ —	\$ 2,403,000
Less accumulated depreciation	<u>467,560</u>	<u>\$ 96,120</u>	<u>\$ —</u>	<u>563,680</u>
<b>Net DDA Capital Assets</b>	<u>\$ 1,935,440</u>			<u>\$ 1,839,320</u>

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

**Note F – Deferred Revenue/Special Assessments Receivable**

Deferred revenue of the General and Fire, Police, Library and Pathways Special Revenue Funds represents 2004 property tax levies that became due December 1, 2004, and are levied for 2005 operations.

Deferred revenue of the Improvement Revolving Special Revenue and Debt Service Funds represents the uncollected balances of special assessment rolls levied on benefiting water and sewer customers in the Township. As these special assessments are collected, they are recognized as revenues and credited at that time to fund balances.

**Note G –Long-Term Debt**

Amounts available and to be provided for long-term debt at December 31, 2004 are summarized as follows:

	<b>Bond Issues</b>	<b>Municipal Purchase Notes</b>	<b>Installment Purchase Agreements</b>	<b>Accumulated Vacation Pay</b>	<b>Total</b>
<b><u>Primary Government</u></b>					
<b>Amounts Available For Retirement Of</b>					
<b>General Long-Term Debt</b>					
Debt Service Funds	\$ 143,658	\$ —	\$ —	\$ —	\$ 143,658
<b>Amounts To Be Provided For Retirement</b>					
<b>Of General Long-Term Debt</b>					
General Fund	1,769,030	825,000	90,926	22,032	2,706,988
Special Revenue Funds:					
Fire Fund	853,146	—	40,821	—	893,967
Improvement Revolving Fund	2,770,000	—	—	—	2,770,000
Library Fund	1,872,824	—	—	—	1,872,824
Pathways Fund	970,000	3,220,000	—	—	4,190,000
Debt Service Funds	52,342	—	—	—	52,342
<b>Total Primary Government</b>	<b>8,431,000</b>	<b>4,045,000</b>	<b>131,747</b>	<b>22,032</b>	<b>12,629,779</b>
<b><u>Discretely Presented Component Unit</u></b>					
<b>Amounts To Be Provided For Retirement</b>					
<b>Of General Long-Term Debt</b>					
Downtown Development Authority	1,250,000	—	—	—	1,250,000
<b>Total Amounts Available and To Be Provided</b>	<b>\$9,681,000</b>	<b>\$4,045,000</b>	<b>\$ 131,747</b>	<b>\$ 22,032</b>	<b>\$13,879,779</b>

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

Changes in long-term debt for the year ended December 31, 2004 are summarized as follows:

	<b>Debt Outstanding January 1, 2004</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding December 31, 2004</b>
<b><u>Primary Government</u></b>				
<b>Bond Issues</b>				
General obligation:				
March 19, 1996	\$ 305,000	\$ —	\$ 55,000	\$ 250,000
September 26, 2003	970,000	—	—	970,000
September 26, 2003	915,000	—	50,000	865,000
November 19, 2003	1,800,000	—	145,000	1,655,000
Building authority:				
May 1, 1994	325,000	—	20,000	305,000
February 1, 1997	590,000	—	60,000	530,000
February 5, 2003	1,002,934	—	68,904	934,030
February 5, 2003	916,083	—	62,937	853,146
February 5, 2003	2,010,983	—	138,159	1,872,824
Special assessment:				
July 1, 1988	72,000	—	15,000	57,000
July 1, 1995	150,000	—	11,000	139,000
<b>Municipal Purchase Notes</b>				
Pedestrian pathways:				
November 1, 1999	1,305,000	—	95,000	1,210,000
November 14, 2000	1,275,000	—	80,000	1,195,000
March 6, 2002	865,000	—	50,000	815,000
Leslie E. Tassell Park:				
March 6, 2002	880,000	—	55,000	825,000
<b>Installment Purchase Agreements</b>				
Vehicles:				
April 20, 2001	59,653	—	18,832	40,821
December 22, 2004	—	63,900	—	63,900
December 22, 2004	—	27,026	—	27,026
<b>Accumulated Vacation Pay</b>	<b>24,432</b>	<b>90,300</b>	<b>92,700</b>	<b>22,032</b>
<b>Total Primary Government</b>	<b>13,466,085</b>	<b>181,226</b>	<b>1,017,532</b>	<b>12,629,779</b>
<b><u>Discretely Presented Component Unit</u></b>				
<b>Bond Issues</b>				
Tax increment financing authority:				
December 1, 2000	1,300,000	—	50,000	1,250,000
<b>Total Long-Term Debt</b>	<b>\$ 14,766,085</b>	<b>\$ 181,226</b>	<b>\$ 1,067,532</b>	<b>\$ 13,879,779</b>



**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

Long-term bonds, notes and installment purchase agreements at December 31, 2004 are comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>Primary Government</b>				
<b>General Obligation Bonds</b>				
\$650M 1996 Refunding:				
Annual maturities of 60M to 65M	Dec. 1, 2008	4.80	\$ 250,000	\$ 55,000
\$970M 2003 Pathways Improvement:				
Annual maturities of 5M to 290M	Nov. 1, 2017	3.20 - 4.20	970,000	—
\$955M 2003 Water & Sewer Improvement:				
Annual maturities of 60M to 80M	Nov. 1, 2017	2.50 - 4.20	865,000	50,000
\$1,935M 2003 Refunding:				
Annual maturities of 150M to 190M	Dec. 1, 2014	3.00 - 4.00	1,655,000	145,000
<b>Building Authority Bonds</b>				
\$465M 1994 Real Property Acquisition:				
Annual maturities of 20M to 40M	May 1, 2014	5.90 - 6.25	305,000	20,000
\$950M 1997 Township Hall Remodeling:				
Annual maturities of 65M to 85M	Dec. 1, 2011	4.75 - 5.25	530,000	60,000
\$1,060M 2003 Township Capital Outlay Refunding:				
Annual maturities of 24M to 108M	Aug. 1, 2016	2.50 - 4.00	934,030	68,904
\$969M 2003 Fire Station Refunding:				
Annual maturities of 22M to 99M	Aug. 1, 2016	2.50 - 4.00	853,146	62,937
\$2,126M 2003 Library Building Refunding:				
Annual maturities of 49M to 217M	Aug. 1, 2016	2.50 - 4.00	1,872,824	138,159
<b>Special Assessment Bonds</b>				
\$350M 1988A Water and Sewer Improvement :				
Annual maturities of 14M to 15M	Oct. 1, 2008	7.80	57,000	15,000
\$238M 1995 Water and Sewer Improvement:				
Annual maturities of 11M to 13M	July 1, 2015	5.40 - 6.00	139,000	11,000
<b>Municipal Purchase Notes</b>				
\$1,640M 1999 Pathways Improvement :				
Annual maturities of 95M to 150M	Nov. 1, 2014	4.70 - 5.40	1,210,000	95,000
\$1,505M 2000 Pathways Improvement :				
Annual maturities of 85M to 135M	Nov. 1, 2015	4.60 - 5.25	1,195,000	80,000
\$965M 2002 Pathways Improvement :				
Annual maturities of 55M to 85M	Nov. 1, 2016	3.25 - 4.70	815,000	50,000
\$980M 2002 Tassell Park Improvement :				
Annual maturities of 55M to 85M	Nov. 1, 2016	3.25 - 4.70	825,000	55,000
<b>Installment Purchase Agreements</b>				
\$105M 2001 Vehicle Purchase:				
Annual maturities of 20M to 21M	Apr. 15, 2006	5.40	40,821	19,865
\$64M 2004 Vehicle Purchase:				
Annual maturities of 7,600 to 8,400	Dec. 22, 2008	3.49	63,900	15,392
\$27M 2004 Vehicle Purchase:				
Annual maturities of 3,200 to 3,600	Dec. 22, 2008	3.49	27,026	6,510
<b>Total Primary Government</b>			<b>\$ 12,607,747</b>	<b>\$ 1,002,767</b>

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

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	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>	<u>Amount Due Within One Year</u>
<b><u>Discretely Presented Component Unit</u></b>				
<b>Tax Increment Financing Authority Bonds</b>				
\$1,300M 2000 DDA Development:				
Annual maturities of \$55M to 110M	May 1, 2020	4.75 - 5.25	\$ 1,250,000	\$ 55,000
<b>Total Long-Term Debt</b>			<u>\$13,857,747</u>	<u>\$1,057,767</u>

The General Obligation Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies, investment earnings and hookup charges.

The Building Authority Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies and lease payments from the Township.

The Special Assessment Bonds are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded through special assessments levied against properties deemed to benefit from these public improvements.

The Municipal Purchase Notes are backed by the limited tax, full faith and credit of the Township. Debt service requirements are funded by ad valorem property tax levies and investment earnings.

The Installment Purchase Agreements will be repaid by the Fire Special Revenue Fund of the Township. Debt service requirements are funded by ad valorem property tax levies and investment earnings.

The accumulated vacation pay liability will be liquidated by the Township's General Fund and Fire and Inspections Special Revenue Funds.

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

The annual requirements to pay principal and interest on long-term bonds and notes outstanding for the Primary Government are as follows:

<b>Year Ended December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2005	\$ 1,002,767	\$ 506,086	\$ 1,508,853
2006	1,038,172	470,353	1,508,525
2007	1,054,999	432,792	1,487,791
2008	1,065,809	393,935	1,459,744
2009	1,008,000	352,613	1,360,613
2010	1,068,000	313,533	1,381,533
2011	1,123,000	270,450	1,393,450
2012	1,128,000	224,078	1,352,078
2013	1,188,000	176,960	1,364,960
2014	1,293,000	125,830	1,418,830
2015	673,000	70,706	743,706
2016	595,000	40,856	635,856
2017	370,000	15,540	385,540
	<u>\$ 12,607,747</u>	<u>\$ 3,393,732</u>	<u>\$ 16,001,479</u>

The annual requirements to pay principal and interest on long-term bonds outstanding for the Component Unit (Downtown Development Authority) are as follows:

<b>Year Ended December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2005	\$ 55,000	\$ 62,876	\$ 117,876
2006	55,000	60,262	115,262
2007	60,000	57,650	117,650
2008	60,000	54,800	114,800
2009	65,000	51,950	116,950
2010	65,000	48,862	113,862
2011	70,000	45,776	115,776
2012	75,000	42,416	117,416
2013	80,000	38,664	118,664
2014	80,000	34,664	114,664
2015	85,000	30,586	115,586
2016	90,000	26,250	116,250
2017	95,000	21,526	116,526
2018	100,000	16,538	116,538
2019	105,000	11,288	116,288
2020	110,000	5,772	115,772
	<u>\$ 1,250,000</u>	<u>\$ 609,880</u>	<u>\$ 1,859,880</u>

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

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**Note H – Retirement Plan**

As of March 1, 2004, the Township joined the agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non-duty and duty death allowances and post-retirement adjustments to plan members and their beneficiaries. The most recent period for which actuarial data was available was as of August 1, 2003, the initial valuation date of the plan for the Township.

MERS was organized pursuant to Section 12a of Act 156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a), as amended, State of Michigan. MERS is regulated under Act 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplemental information for the retirement system. That report may be obtained by writing to Municipal Employees Retirement System of Michigan, 447 Canal Road, Lansing, MI 48917-9755.

MERS members are required to contribute an amount varying from 0.0% to 5.0% depending upon which plan they fall under. Township employee contributions for 2004 were 3.29% of covered payroll. The Township is required to contribute at an actuarially determined rate; the current rates are 0.0% to 134.30% of annual covered payroll depending on the plan. Cascade Township contributed 10.0% of covered payroll in 2004. The contribution requirements of plan members and the commission are established and may be amended by MERS.

For the year ended December 31, 2004, the Township's contributions totaling \$152,042 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of August 1, 2003. The employer contribution rate has been determined using the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used included (a) 8.0% long-term net investment rate of return, (b) projected salary increases of 4.50% per year plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases and (c) 4.50% per year cost-of-living adjustments. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Trend information for the Cascade Township MERS pension plan is presented as follows:

<b>Year Ended December 31</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2004	\$152,042	100%	—

**CASCADE CHARTER TOWNSHIP**  
**Notes to Basic Financial Statements**  
**December 31, 2004**

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**Note I – Lease Agreement**

The Township entered into a renewed agreement in 2004, which provides for the leasing of the Cascade Dam to a private company for the purpose of generating and selling hydroelectric power. The lease term is fourteen years (through 2018) with annual base rentals of \$60,000 plus an annual maintenance reserve fee of \$5,000, which will be collected by the Township General Fund. Twenty-five percent of this revenue (\$15,000) plus the \$5,000 maintenance reserve fee is set aside each year in the Cascade Dam Major Repair Fund. At December 31, 2004, the Cascade Dam Major Repair Fund had accumulated \$244,808.

**Note J – Contingencies**

The Township is a defendant in a case pending in the Michigan Court of Appeals. This case involves the appeal of a denial of a rezoning to allow a mineral extraction operation in the Township. While the complaint originally sought reversal of the Township's zoning decision, there is also a count for damages in excess of \$5 million. At trial, plaintiff only pursued the damage claim. Legal counsel is monitoring this litigation on behalf of the Township since the Township insurance carrier could refuse to pay a judgment if that judgment is based upon an unlawful taking of property by the Township.

## **SUPPLEMENTAL INFORMATION**

## **GENERAL FUND**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Comparative Balance Sheet**  
**December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Deposits	\$ 301,289	\$ -
Investments	2,420,686	2,875,050
Receivables:		
Taxes	1,296,577	1,245,726
Accounts	17,521	20,358
Due from other funds	11,410	4,129
Due from other governmental units	188,298	193,963
Prepaid expenditures	<u>2,542</u>	<u>13,418</u>
<b>Total Assets</b>	<u><u>\$ 4,238,323</u></u>	<u><u>\$ 4,352,644</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 78,648	\$ 60,686
Deferred revenue	<u>1,296,577</u>	<u>1,245,726</u>
<b>Total Liabilities</b>	<u>1,375,225</u>	<u>1,306,412</u>
<b>Fund Balances</b>		
Unreserved:		
Designated for capital outlay	51,019	51,019
Undesignated	<u>2,812,079</u>	<u>2,995,213</u>
<b>Total Fund Balances</b>	<u>2,863,098</u>	<u>3,046,232</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 4,238,323</u></u>	<u><u>\$ 4,352,644</u></u>



**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended December 31, 2004 and 2003**

	2004	2003
Taxes:		
Current property taxes	\$ 1,120,892	\$ 1,080,914
Hydrant rental assessment	34,042	42,808
Street lighting assessment	59,396	57,606
Delinquent property taxes	3,452	2,611
Industrial facilities taxes	25,523	27,902
Interest and penalties on taxes	11,116	16,861
Tax administration fees	444,217	466,865
	<u>1,698,638</u>	<u>1,695,567</u>
Licenses and permits:		
Cablevision fees	155,515	136,789
Telecommunications right-of-way	500	2,293
Soil erosion fees	24,163	18,895
Dog licenses	201	238
Other permits	140	120
	<u>180,519</u>	<u>158,335</u>
State sources:		
Sales taxes	1,042,402	1,121,553
PA 48/Metro Authority	54,183	-
	<u>1,096,585</u>	<u>1,121,553</u>
Charges for services:		
Planning and zoning fees	46,734	49,527
Summer tax collection fees	23,739	22,551
P.A. 198 tax application fees	7,722	16,501
Yard waste tag fees	2,963	4,268
Sewer and water implementation fees	61,298	44,162
Grave openings	12,125	10,850
Cemetery care fees	6,480	5,340
Sale of printed materials	1,251	905
	<u>162,312</u>	<u>154,104</u>
Interest and rentals:		
Interest on deposits and investments	62,821	49,155
Rental income	96,330	87,566
	<u>159,151</u>	<u>136,721</u>
Other revenue:		
Sale of assets	160	55
Contributions	14,675	31,675
Interfund reimbursements	53,719	31,756
Park income	4,040	5,590
Other revenue	31,880	3,889
Refunds and rebates	-	1,120
	<u>104,474</u>	<u>74,085</u>
<b>Total Revenues</b>	<u><u>\$ 3,401,679</u></u>	<u><u>\$ 3,340,365</u></u>

**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended December 31, 2004 and 2003**

	2004	2003
Current:		
Legislative:		
Township board:		
Salaries	\$ 17,834	\$ 17,484
Travel and expenses	267	209
Education	420	-
Dues and memberships	10,896	11,281
Total legislative	<u>29,417</u>	<u>28,974</u>
General government:		
Supervisor:		
Salary	5,000	4,902
Travel and expenses	47	42
	<u>5,047</u>	<u>4,944</u>
Manager:		
Salaries:		
Manager	91,009	89,224
Assistant	36,849	36,473
Telephone	374	370
Travel and expenses	3,425	1,808
Education	969	829
Printing and publishing	2,853	3,558
Dues and memberships	1,583	1,719
Equipment and furniture	98	367
	<u>137,160</u>	<u>134,348</u>
Elections:		
Salaries	4,933	-
Office supplies	1,006	2,676
Election workers	12,090	-
Other	3,099	-
	<u>21,128</u>	<u>2,676</u>
Assessor:		
Salaries:		
Assessors	88,124	70,400
Assistants	55,469	54,381
Clerical	32,433	32,862
Consultant fees	36,877	43,671
Supplies	679	751
Travel and expenses	1,086	1,151
Education	2,163	1,961
Dues and memberships	910	795
Equipment and furniture	478	-
	<u>218,219</u>	<u>205,972</u>
Clerk:		
Salaries:		
Clerk	57,079	55,959
Assistant	40,641	39,696
Clerical	5,200	-
Contracted services	640	-
Travel and expenses	922	549
Education	2,002	4,519
Dues and memberships	451	445
Equipment and furniture	65	730
	<u>107,000</u>	<u>101,898</u>

(Continued)

**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended December 31, 2004 and 2003**

	2004	2003
Board of review:		
Salaries	\$ 2,070	\$ 1,858
General administration:		
Salaries:		
Clerical	83,783	85,992
Additional help	2,139	206
Office supplies	12,645	9,772
Postage	13,350	9,361
Gypsy moth program	32,001	18,424
Legal fees	62,124	52,191
Audit fees	24,188	24,210
Engineering fees	100,647	53,490
Computer services	51,712	42,014
Consultant fees	3,981	-
Township REGIS	13,850	14,369
Travel and expenses	1	14
Education	40	308
4th of July	39,125	36,685
Senior citizens	3,344	3,190
Cable equipment grants	10,000	10,000
Printing and publishing	5,330	8,055
Newsletter	29,162	24,750
Other	18,488	19,848
Tax refunds	6,176	16,304
Bond issuance costs	-	11,365
Equipment and furniture	9,761	93
Bond discount	-	10,073
	521,847	450,714
Treasurer:		
Salaries:		
Treasurer	57,079	55,959
Assistant	33,258	38,573
Additional help	1,531	2,425
Contracted services	7,599	-
Travel and expenses	1,071	981
Education	1,661	2,601
Dues and memberships	400	447
	102,599	100,986
Buildings and grounds:		
Salaries - maintenance	213,989	194,878
Uniforms	1,770	2,529
Computer services	15,839	17,900
Contracted services	4,601	8,552
Telephone	10,395	9,314
Travel and expenses	215	162
Education	570	415
Utilities	31,521	28,778
Building maintenance	30,326	20,838
Equipment maintenance	17,053	8,389
Vehicle maintenance	12,370	12,814
Grounds maintenance	12,136	14,219
Parking lot rental	1,800	1,800
Equipment and furniture	9,471	615
	362,056	321,203

(Continued)

**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended December 31, 2004 and 2003**

	2004	2003
Cemetery:		
Salaries:		
Maintenance	\$ 16,111	\$ 15,508
Additional help	5,226	5,545
Contracted services	9,790	7,955
Telephone	542	416
Travel and expenses	1,438	1,262
Utilities	393	410
Grounds maintenance	4,997	12,388
	<u>38,497</u>	<u>43,484</u>
Total general government	<u>1,515,623</u>	<u>1,368,083</u>
Public safety:		
Planning:		
Salaries:		
Director	58,732	57,579
Planner	32,569	31,930
Assistant	38,936	38,390
Planning commission	6,715	7,030
Zoning board of appeals	1,530	2,240
Office supplies	448	1,320
Travel and expenses	68	177
Education	1,065	1,052
Printing and publishing	1,630	1,492
Dues and memberships	1,116	1,055
Total public safety	<u>142,809</u>	<u>142,265</u>
Public works:		
Drains:		
Engineering fees	12,346	-
Drain maintenance	23,418	3,693
	<u>35,764</u>	<u>3,693</u>
Highways, streets and bridges:		
Road maintenance	116,730	55,604
Road construction	9,834	26,113
Dust layer	1,934	4,614
	<u>128,498</u>	<u>86,331</u>
Street lighting:		
Utilities	100,804	102,054
Equipment	2,894	2,809
	<u>103,698</u>	<u>104,863</u>
Hydrant rental:		
Hydrant rental fees	33,960	33,720
Sanitation services:		
Yard waste removal	31,362	34,940
Total public works	<u>333,282</u>	<u>263,547</u>

(Continued)

**CASCADE CHARTER TOWNSHIP**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended December 31, 2004 and 2003**

	2004	2003
Recreation and cultural:		
Parks and recreation:		
Supplies	\$ 1,502	\$ 689
Utilities	6,469	7,134
Grounds maintenance	26,767	49,218
Land improvements	22,568	16,304
Equipment and furniture	6,300	518
	<u>63,606</u>	<u>73,863</u>
Historical:		
Supplies	719	421
Total recreation and cultural	<u>64,325</u>	<u>74,284</u>
Other township:		
Social Security taxes	73,530	70,720
Health insurance	101,988	117,815
Life insurance	8,363	9,731
Dental insurance	11,260	12,948
Retirement plan contributions	84,295	80,736
Other benefits	1,263	2,000
Cash in lieu of benefits	1,615	538
Insurance and bonds	40,319	37,906
GO! Bus service	100,006	104,748
Total other township	<u>422,639</u>	<u>437,142</u>
Capital outlay:		
General administration	18,525	-
Treasurer	-	6,590
Building and grounds	46,301	86,952
Planning	1,219	-
Road projects	36,090	-
Park	180,500	20,019
Total capital outlay	<u>282,635</u>	<u>113,561</u>
Debt service:		
Principal repayment	55,000	50,000
Interest and fiscal charges	36,081	38,456
Total debt service	<u>91,081</u>	<u>88,456</u>
<b>Total Expenditures</b>	<u><u>\$ 2,881,811</u></u>	<u><u>\$ 2,516,312</u></u>

## **NONMAJOR GOVERNMENTAL FUNDS**

**CASCADE CHARTER TOWNSHIP**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2004**

	Special Revenue		Debt Service	
	Dam Major Repair	HAZMAT	1988-A	1995-A
<b>Assets</b>				
Deposits	\$ 244,808	\$ -	\$ -	\$ -
Investments	-	27,885	907	111,367
Special assessments receivable	-	-	3,113	18,800
<b>Total Assets</b>	<u>\$ 244,808</u>	<u>\$ 27,885</u>	<u>\$ 4,020</u>	<u>\$ 130,167</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Deferred revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,800</u>
<b>Fund Balances</b>				
Reserved for:				
Debt service	-	-	4,020	111,367
Unreserved:				
Designated	244,808	-	-	-
Undesignated	<u>-</u>	<u>27,885</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balances</b>	<u>244,808</u>	<u>27,885</u>	<u>4,020</u>	<u>111,367</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 244,808</u>	<u>\$ 27,885</u>	<u>\$ 4,020</u>	<u>\$ 130,167</u>

Capital Projects Open Space Preservation	Permanent Cemetery Perpetual Care	Total
\$ -	\$ -	\$ 244,808
274,261	41,507	455,927
-	-	21,913
<u>\$ 274,261</u>	<u>\$ 41,507</u>	<u>\$ 722,648</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,800</u>
-	-	115,387
274,261	41,507	560,576
-	-	27,885
<u>274,261</u>	<u>41,507</u>	<u>703,848</u>
<u>\$ 274,261</u>	<u>\$ 41,507</u>	<u>\$ 722,648</u>



**CASCADE CHARTER TOWNSHIP**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended December 31, 2004**

	Special Revenue		Debt	
	Dam Major Repair	HAZMAT	1988-A	1988-B
<b>Revenues</b>				
Charges for services	\$ -	\$ 12,000	\$ -	\$ -
Interest and rentals	2,846	699	488	83
Other revenue	-	-	-	402
<b>Total Revenues</b>	<u>2,846</u>	<u>12,699</u>	<u>488</u>	<u>485</u>
<b>Expenditures</b>				
Current:				
General government	4,579	-	-	-
Public safety	-	39,930	-	-
Debt service:				
Principal repayment	-	-	15,000	
Interest and fiscal charges	-	-	5,987	
<b>Total Expenditures</b>	<u>4,579</u>	<u>39,930</u>	<u>20,987</u>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,733)</u>	<u>(27,231)</u>	<u>(20,499)</u>	<u>485</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	20,000	-	16,430	-
Transfers out	-	-	-	(10,346)
<b>Total Other Financing Sources (Uses)</b>	<u>20,000</u>	<u>-</u>	<u>16,430</u>	<u>(10,346)</u>
<b>Net Change in Fund Balances</b>	<u>18,267</u>	<u>(27,231)</u>	<u>(4,069)</u>	<u>(9,861)</u>
<b>Fund Balances, January 1</b>	<u>226,541</u>	<u>55,116</u>	<u>8,089</u>	<u>9,861</u>
<b>Fund Balances, December 31</b>	<u>\$ 244,808</u>	<u>\$ 27,885</u>	<u>\$ 4,020</u>	<u>\$ -</u>

Service		Capital Projects	Permanent	
1995-A	Building Authority	Open Space Preservation	Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ -	\$ 12,000
3,540	-	4,194	607	12,457
1,880	-	45,000	-	47,282
5,420	-	49,194	607	71,739
-	-	-	-	4,579
-	-	-	-	39,930
11,000	350,000	-	-	376,000
8,761	175,498	-	-	190,246
19,761	525,498	-	-	610,755
(14,341)	(525,498)	49,194	607	(539,016)
-	525,498	135,000	8,605	705,533
-	-	-	-	(10,346)
-	525,498	135,000	8,605	695,187
(14,341)	-	184,194	9,212	156,171
125,708	-	90,067	32,295	547,677
\$ 111,367	\$ -	\$ 274,261	\$ 41,507	\$ 703,848

**CASCADE CHARTER TOWNSHIP**  
**Cascade Dam Major Repair Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2004**

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>			
Interest and rentals	\$ 2,066	\$ 2,846	\$ 780
<b>Expenditures</b>			
Current:			
General government:			
Buildings and grounds	10,000	4,579	5,421
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(7,934)	(1,733)	6,201
<b>Other Financing Sources</b>			
Operating transfers in	20,000	20,000	-
<b>Net Change in Fund Balances</b>	12,066	18,267	6,201
<b>Fund Balances, January 1</b>	226,541	226,541	-
<b>Fund Balances, December 31</b>	\$ 238,607	\$ 244,808	\$ 6,201

**CASCADE CHARTER TOWNSHIP**  
**HAZMAT Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended December 31, 2004**

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>			
Charges for services	\$ 12,000	\$ 12,000	\$ -
Interest and rentals	575	699	124
<b>Total Revenues</b>	<u>12,575</u>	<u>12,699</u>	<u>124</u>
<b>Expenditures</b>			
Current:			
Public safety	45,424	39,930	5,494
<b>Net Change in Fund Balances</b>	(32,849)	(27,231)	5,618
<b>Fund Balances, January 1</b>	<u>55,116</u>	<u>55,116</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 22,267</u></u>	<u><u>\$ 27,885</u></u>	<u><u>\$ 5,618</u></u>

## **SPECIAL REVENUE FUNDS**

*Fire* —to accumulate property tax revenues and interest earnings to maintain the Township Fire Department.

*Police* —to accumulate property tax revenues and interest earnings to support law enforcement in the Township.

*Improvement Revolving* —to accumulate collections of special assessments (hookup fees) for connection to the water and sewer system to be used for sewer and water extension projects.

*Cascade Dam Major Repair* —to accumulate a portion of rental fees reserved from the Cascade Dam operation to be used for major repairs or renovations to the Dam.

*Library* —to accumulate property tax revenues, interest earnings and contributions to be used for library operation and debt service purposes.

*Pathways* —to accumulate property tax revenues and interest earnings to be used for the construction, improvement, maintenance and debt service of the Township pedestrian pathways system.

*Inspections* —to accumulate permit fees to be used for the operation of the Township inspection department.

*HAZMAT* —to accumulate HAZMAT fees from other units to be used for the disposal of hazardous materials.

**CASCADE CHARTER TOWNSHIP**  
**Fire Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Investments	\$ 485,644	\$ 625,152
Taxes receivable	<u>1,625,334</u>	<u>873,526</u>
<b>Total Assets</b>	<u><u>\$ 2,110,978</u></u>	<u><u>\$ 1,498,678</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 55,475	\$ 4,791
Deferred revenue	<u>1,625,334</u>	<u>873,526</u>
<b>Total Liabilities</b>	<u>1,680,809</u>	<u>878,317</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>430,169</u>	<u>620,361</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 2,110,978</u></u>	<u><u>\$ 1,498,678</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Fire Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

	2004	2003
<b>Revenues</b>		
Taxes:		
Current property taxes	\$ 848,158	\$ 817,907
Delinquent property taxes	2,169	1,858
Industrial facilities taxes	19,313	21,113
Penalties and interest on taxes	181	62
Total taxes	869,821	840,940
Interest and rentals:		
Interest on investments	16,797	16,982
Other revenue:		
Sale of assets	5,612	3,038
Other revenue	844	716
Donations	2,945	1,718
Refunds and rebates	-	510
Total other revenue	9,401	5,982
<b>Total Revenues</b>	<b>896,019</b>	<b>863,904</b>
<b>Expenditures</b>		
Current:		
Public safety:		
Fire department:		
Salaries:		
Fire chief	63,500	60,476
Fire inspector	53,617	49,858
Fire lieutenants	159,911	151,087
Fire fighters	365,454	339,594
Overtime	30,525	28,802
Paid on call	97,909	81,250
Employee benefits:		
Social Security taxes	57,173	53,854
Health insurance	97,660	97,739
Life insurance	10,152	11,918
Dental insurance	11,663	12,866
Vision insurance	1,729	1,729
Retirement plan contributions	66,877	60,302
Workers' compensation insurance	26,382	26,237
Office supplies	565	602
Supplies	3,577	2,870
Postage	107	132
Gas and oil	7,764	6,311
Physical exams	2,399	5,065
Uniforms	7,977	14,651
Legal fees	75	-
Audit fees	6,187	6,193
Contracted services	3,776	2,330
HAZMAT	4,000	6,000
Telephone	6,757	8,077
Education	10,418	1,581
Public relations	2,872	1,237

(Continued)

**CASCADE CHARTER TOWNSHIP**  
**Fire Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

	2004	2003
Fire department: (Continued)		
Insurance and bonds	\$ 30,166	\$ 30,319
Utilities	4,500	4,054
Building maintenance	19,414	20,664
Equipment maintenance	5,266	7,411
Vehicle maintenance	33,305	27,489
Dues and memberships	829	380
Miscellaneous	292	1,206
Bond issuance costs	-	10,381
Buildings and improvements	114,944	-
Equipment and furniture	6,741	-
Vehicles	56,999	47,106
Bond discount	-	9,201
Total public safety	1,371,482	1,188,972
Debt service:		
Principal repayment	18,832	27,572
Interest and fiscal charges	3,275	4,775
Total debt service	22,107	32,347
<b>Total Expenditures</b>	<b>1,393,589</b>	<b>1,221,319</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(497,570)</b>	<b>(357,415)</b>
<b>Other Financing Sources (Uses)</b>		
Bond proceeds	-	968,531
Bond premium	-	1,461
Transfers in	400,000	360,000
Transfers out	(92,622)	(1,001,920)
Bond refunding costs	-	(53,803)
<b>Total Other Financing Sources (Uses)</b>	<b>307,378</b>	<b>274,269</b>
<b>Net Change in Fund Balances</b>	<b>(190,192)</b>	<b>(83,146)</b>
<b>Fund Balances, January 1</b>	<b>620,361</b>	<b>703,507</b>
<b>Fund Balances, December 31</b>	<b>\$ 430,169</b>	<b>\$ 620,361</b>



**CASCADE CHARTER TOWNSHIP**  
**Police Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Investments	\$ 1,246,882	\$ 1,200,941
Taxes receivable	<u>588,590</u>	<u>565,915</u>
<b>Total Assets</b>	<u><u>\$ 1,835,472</u></u>	<u><u>\$ 1,766,856</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Due to other governmental units	\$ 75,928	\$ 62,311
Deferred revenue	<u>588,590</u>	<u>565,915</u>
<b>Total Liabilities</b>	<u>664,518</u>	<u>628,226</u>
<b>Fund balances</b>		
Unreserved:		
Undesignated	<u>1,170,954</u>	<u>1,138,630</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 1,835,472</u></u>	<u><u>\$ 1,766,856</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Police Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Revenues</b>		
Taxes:		
Current property taxes	\$ 549,477	\$ 529,879
Delinquent property taxes	1,405	1,204
Industrial facilities taxes	12,512	13,678
Penalties and interest on taxes	117	40
Total taxes	<u>563,511</u>	<u>544,801</u>
Interest and rentals:		
Interest on investments	<u>29,865</u>	<u>26,253</u>
<b>Total Revenues</b>	<u>593,376</u>	<u>571,054</u>
<b>Expenditures</b>		
Current:		
Law enforcement:		
Kent County sheriff patrol	544,378	560,895
Office rental	14,050	-
COPS grant	2,624	1,027
<b>Total Expenditures</b>	<u>561,052</u>	<u>561,922</u>
<b>Net Change in Fund Balances</b>	32,324	9,132
<b>Fund Balances, January 1</b>	<u>1,138,630</u>	<u>1,129,498</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 1,170,954</u></u>	<u><u>\$ 1,138,630</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Improvement Revolving Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Deposits	\$ 980,837	\$ 968,454
Investments	1,660,914	1,404,496
Accounts receivable	4,665	-
Special assessments receivable	<u>2,114,297</u>	<u>2,142,100</u>
<b>Total Assets</b>	<u><u>\$ 4,760,713</u></u>	<u><u>\$ 4,515,050</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 1,564
Deferred revenue	<u>2,114,297</u>	<u>2,142,100</u>
<b>Total Liabilities</b>	<u>2,114,297</u>	<u>2,143,664</u>
 <b>Fund Balances</b>		
Unreserved:		
Designated for capital outlay	<u>2,646,416</u>	<u>2,371,386</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 4,760,713</u></u>	<u><u>\$ 4,515,050</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Improvement Revolving Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

	2004	2003
<b>Revenues</b>		
Interest and rentals:		
Interest on deposits and investments	\$ 43,310	\$ 42,500
Interest on special assessments	10,561	10,756
Total interest and rentals	53,871	53,256
Other revenue:		
Special assessments	86,821	94,816
Hookup fees	611,475	437,322
Miscellaneous	4,000	-
Total other revenue	702,296	532,138
<b>Total Revenues</b>	756,167	585,394
<b>Expenditures</b>		
Capital outlay:		
Legal fees	420	2,402
Engineering fees	29,074	59,504
Road construction	-	10,500
Memberships and dues	8,498	8,498
Miscellaneous	1,070	3,592
Sewer and water projects	78,028	240,360
Total capital outlay	117,090	324,856
Debt service:		
Principal repayment	250,000	225,000
Interest and fiscal charges	107,963	119,186
Total debt service	357,963	344,186
<b>Total Expenditures</b>	475,053	669,042
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	281,114	(83,648)
<b>Other Financing Sources (Uses)</b>		
Transfers in	10,346	480
Transfers out	(16,430)	(17,950)
<b>Total Other Financing Sources (Uses)</b>	(6,084)	(17,470)
<b>Net Change in Fund Balances</b>	275,030	(101,118)
<b>Fund Balances, January 1</b>	2,371,386	2,472,504
<b>Fund Balances, December 31</b>	<u>\$ 2,646,416</u>	<u>\$ 2,371,386</u>

**CASCADE CHARTER TOWNSHIP**  
**Cascade Dam Major Repair Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2004 and 2003**

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	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Deposits	<u>\$ 244,808</u>	<u>\$ 227,048</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ -</u>	<u>\$ 507</u>
<b>Fund Balances</b>		
Unreserved:		
Designated for dam major repair	<u>244,808</u>	<u>226,541</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 244,808</u>	<u>\$ 227,048</u>

**CASCADE CHARTER TOWNSHIP**  
**Cascade Dam Major Repair Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Revenues</b>		
Interest and rentals:		
Interest on deposits	\$ 2,846	\$ 3,155
<b>Expenditures</b>		
Current:		
Buildings and grounds:		
Dam maintenance	4,579	4,589
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,733)</u>	<u>(1,434)</u>
<b>Other Financing Sources</b>		
Transfers in	20,000	-
<b>Net Change in Fund Balances</b>	18,267	(1,434)
<b>Fund Balances, January 1</b>	<u>226,541</u>	<u>227,975</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 244,808</u></u>	<u><u>\$ 226,541</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Library Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Deposits	\$ 115,061	\$ 112,413
Investments	2,324,671	2,191,087
Taxes receivable	<u>479,712</u>	<u>461,239</u>
<b>Total Assets</b>	<u><u>\$ 2,919,444</u></u>	<u><u>\$ 2,764,739</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 38,868	\$ 7,566
Deferred revenue	<u>479,712</u>	<u>461,239</u>
<b>Total Liabilities</b>	<u>518,580</u>	<u>468,805</u>
<b>Fund Balances</b>		
Unreserved:		
Designated for capital outlay	400,000	300,000
Undesignated	<u>2,000,864</u>	<u>1,995,934</u>
<b>Total Fund Balances</b>	<u>2,400,864</u>	<u>2,295,934</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 2,919,444</u></u>	<u><u>\$ 2,764,739</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Library Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

	2004	2003
<b>Revenues</b>		
Taxes:		
Current property taxes	\$ 447,842	\$ 431,869
Delinquent property taxes	1,145	981
Industrial facilities taxes	10,198	11,148
Penalties and interest on taxes	95	33
Total taxes	459,280	444,031
Intergovernmental sources:		
Contributions	20,300	20,300
Interest and rentals:		
Interest on deposits and investments	46,147	42,350
Other revenue:		
Miscellaneous	-	15
<b>Total Revenues</b>	525,727	506,696
<b>Expenditures</b>		
Current:		
Recreation and cultural:		
Library:		
Salaries - Fourth of July	-	334
Supplies	2,285	1,967
Operational expenses	145	-
Professional services	49,022	9,583
Architect fees	16,198	-
Contracted services	23,208	25,142
Telephone	288	201
Insurance and bonds	20,740	20,679
Utilities	31,025	34,428
Building maintenance	40,904	40,518
Miscellaneous	1,342	1,634
Operational reimbursement	27,700	-
Bond issuance costs	-	22,788
Bond discount	-	20,198
Furniture and equipment	5,387	2,394
<b>Total Expenditures</b>	218,244	179,866
<b>Excess of Revenues Over Expenditures</b>	307,483	326,830
<b>Other Financing Sources (Uses)</b>		
Bond proceeds	-	2,126,113
Bond premium	-	3,207
Transfers out	(202,553)	(2,168,508)
Bond refunding costs	-	(117,808)
<b>Total Other Financing Sources (Uses)</b>	(202,553)	(156,996)
<b>Net Change in Fund Balances</b>	104,930	169,834
<b>Fund Balances, January 1</b>	2,295,934	2,126,100
<b>Fund Balances, December 31</b>	\$ 2,400,864	\$ 2,295,934



**CASCADE CHARTER TOWNSHIP**  
**Pathways Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Investments	\$ 186,508	\$ 413,903
Taxes receivable	<u>492,440</u>	<u>473,477</u>
<b>Total Assets</b>	<u><u>\$ 678,948</u></u>	<u><u>\$ 887,380</u></u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 5,021	\$ 1,783
Due to other governmental units	49,538	-
Deferred revenue	<u>492,440</u>	<u>473,477</u>
<b>Total Liabilities</b>	<u>546,999</u>	<u>475,260</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>131,949</u>	<u>412,120</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 678,948</u></u>	<u><u>\$ 887,380</u></u>

**CASCADE CHARTER TOWNSHIP**  
**Pathways Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

	2004	2003
<b>Revenues</b>		
Taxes:		
Current taxes	\$ 459,727	\$ 443,330
Delinquent taxes	1,176	1,007
Industrial facilities taxes	10,468	11,444
Penalties and interest on taxes	98	34
Total taxes	471,469	455,815
Interest and rentals:		
Interest on investments	9,448	11,120
Other revenue:		
Sale of assets	270,693	-
Contributions	12,000	3,082
Total other revenue	282,693	3,082
<b>Total Revenues</b>	763,610	470,017
<b>Expenditures</b>		
Current:		
Recreation and cultural:		
Parks and recreation:		
Operating supplies	-	40,860
Legal fees	-	260
Engineering fees	27,539	24,447
Utilities	1,098	1,238
Grounds maintenance	32,086	33,942
Miscellaneous	14,808	2,747
Pathways construction	538,748	190,905
Total parks and recreation	614,279	294,399
Debt service:		
Principal repayment	225,000	190,000
Interest and fiscal charges	204,502	217,436
Total debt service	429,502	407,436
<b>Total Expenditures</b>	1,043,781	701,835
<b>Net Change in Fund Balances</b>	(280,171)	(231,818)
<b>Fund Balances, January 1</b>	412,120	643,938
<b>Fund Balances, December 31</b>	\$ 131,949	\$ 412,120

**CASCADE CHARTER TOWNSHIP**  
**Inspections Special Revenue Fund**  
**Comparative Balance Sheet**  
**December 31, 2004 and 2003**

---

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Investments	<u>\$ 382,773</u>	<u>\$ 220,260</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,784	\$ 11,009
Due to other governmental units	<u>7,311</u>	<u>-</u>
<b>Total Liabilities</b>	<u>10,095</u>	<u>11,009</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>372,678</u>	<u>209,251</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 382,773</u>	<u>\$ 220,260</u>

**CASCADE CHARTER TOWNSHIP**  
**Inspections Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

	2004	2003
<b>Revenues</b>		
Licenses and permits:		
Building permits	\$ 217,768	\$ 169,822
Electrical permits	75,370	66,233
Mechanical permits	75,824	76,311
Plumbing permits	49,307	49,629
Permits - other townships	577,828	547,753
Plan reviews	61,662	32,075
Contractor registration fees	11,052	6,060
Total licenses and permits	1,068,811	947,883
Charges for services:		
Sale of printed materials	909	477
Interest and rentals:		
Interest on investments	2,010	864
Other revenue:		
Miscellaneous	856	1,962
<b>Total Revenues</b>	<b>1,072,586</b>	<b>951,186</b>
<b>Expenditures</b>		
Current:		
Public safety:		
Inspections:		
Salaries:		
Director	71,594	70,189
Inspectors	348,832	295,793
Clerical	45,260	53,364
Employee benefits:		
Social Security	35,005	31,952
Health insurance	72,350	71,138
Life insurance	4,744	5,573
Dental insurance	7,384	8,711
Retirement plan contributions	45,362	41,856
Workers' compensation insurance	5,429	6,886
Inspections - other townships	112,341	106,710
Office supplies	10,407	5,094
Postage	107	132
Uniforms	2,258	2,087
Audit fees	500	501
Contracted services	27,590	16,413
Telephone	7,696	6,804
Travel and expenses	32,971	27,068
Education	2,453	1,111
Insurance	15,177	15,133
Equipment maintenance	7,826	7,047
Vehicle maintenance	3,346	2,248
Other expenses	5,765	3,134

(Continued)

**CASCADE CHARTER TOWNSHIP**  
**Inspections Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

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	<u>2004</u>	<u>2003</u>
Inspections: (Continued)		
Facilities use	\$ 10,112	\$ 16,166
Dues and memberships	1,260	750
Refunds	3,674	2,279
Furniture and equipment	<u>29,716</u>	<u>476</u>
<b>Total Expenditures</b>	<u>909,159</u>	<u>798,615</u>
<b>Net Change in Fund Balances</b>	163,427	152,571
<b>Fund Balances, January 1</b>	<u>209,251</u>	<u>56,680</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 372,678</u></u>	<u><u>\$ 209,251</u></u>

**CASCADE CHARTER TOWNSHIP  
HAZMAT Special Revenue Fund  
Comparative Balance Sheet  
December 31, 2004 and 2003**

---

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Investments	<u>\$ 27,885</u>	<u>\$ 55,247</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	<u>\$ -</u>	<u>\$ 131</u>
<b>Fund Balances</b>		
Unreserved:		
Undesignated	<u>27,885</u>	<u>55,116</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 27,885</u>	<u>\$ 55,247</u>

**CASCADE CHARTER TOWNSHIP**  
**HAZMAT Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Revenues</b>		
Charges for services:		
HAZMAT fees	\$ 12,000	\$ 18,000
Interest and rentals:		
Interest on investments	<u>699</u>	<u>765</u>
<b>Total Revenues</b>	<u>12,699</u>	<u>18,765</u>
<b>Expenditures</b>		
Current:		
Public safety:		
HAZMAT:		
Supplies	-	811
Telephone	1,466	1,776
Furniture and equipment	<u>38,464</u>	<u>676</u>
<b>Total Expenditures</b>	<u>39,930</u>	<u>3,263</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(27,231)</u>	<u>15,502</u>
<b>Other Financing Sources</b>		
Transfers in	<u>-</u>	<u>39,614</u>
<b>Net Change in Fund Balances</b>	(27,231)	55,116
<b>Fund Balances, January 1</b>	<u>55,116</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 27,885</u></u>	<u><u>\$ 55,116</u></u>

## **DEBT SERVICE FUNDS**

To account for the payment of bonds sold to finance water and sewer construction projects and other Township improvements. Financing is provided by collections of charges imposed for connections, interest earnings and debt service transfers from Township funds.



**CASCADE CHARTER TOWNSHIP**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**December 31, 2004**  
**With comparative totals for December 31, 2003**

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	<u>1988 - A</u>	<u>1988 - B</u>	<u>1995 - A</u>	<u>Building Authority</u>
<b>Assets</b>				
Investments	\$ 907	\$ -	\$ 111,367	\$ -
Special assessments receivable	<u>3,113</u>	<u>-</u>	<u>18,800</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 4,020</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 130,167</u></u>	<u><u>\$ -</u></u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Deferred revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,800</u>	<u>\$ -</u>
<b>Fund Balances</b>				
Reserved for debt service	<u>4,020</u>	<u>-</u>	<u>111,367</u>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 4,020</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 130,167</u></u>	<u><u>\$ -</u></u>

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Totals	
2004	2003
\$ 112,274	\$ 138,512
21,913	26,228
<u>\$ 134,187</u>	<u>\$ 164,740</u>
\$ 18,800	\$ 21,082
115,387	143,658
<u>\$ 134,187</u>	<u>\$ 164,740</u>

**CASCADE CHARTER TOWNSHIP**  
**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended December 31, 2004**  
**With comparative totals for the year ended December 31, 2003**

	<u>1988 - A</u>	<u>1988 - B</u>	<u>1995 - A</u>	<u>Building Authority</u>
<b>Revenues</b>				
Interest and rentals:				
Interest on investments	\$ 138	\$ 24	\$ 2,130	\$ -
Interest on special assessments	350	59	1,410	-
Total interest and rentals	<u>488</u>	<u>83</u>	<u>3,540</u>	<u>-</u>
Other revenue:				
Special assessments	<u>-</u>	<u>402</u>	<u>1,880</u>	<u>-</u>
<b>Total Revenues</b>	<u>488</u>	<u>485</u>	<u>5,420</u>	<u>-</u>
<b>Expenditures</b>				
Debt service:				
Principal repayment	15,000	-	11,000	350,000
Interest and fiscal charges	<u>5,987</u>	<u>-</u>	<u>8,761</u>	<u>175,498</u>
<b>Total Expenditures</b>	<u>20,987</u>	<u>-</u>	<u>19,761</u>	<u>525,498</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(20,499)</u>	<u>485</u>	<u>(14,341)</u>	<u>(525,498)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	16,430	-	-	525,498
Transfers out	<u>-</u>	<u>(10,346)</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>16,430</u>	<u>(10,346)</u>	<u>-</u>	<u>525,498</u>
<b>Net Change in Fund Balances</b>	<u>(4,069)</u>	<u>(9,861)</u>	<u>(14,341)</u>	<u>-</u>
<b>Fund Balances, January 1</b>	<u>8,089</u>	<u>9,861</u>	<u>125,708</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 4,020</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 111,367</u></u>	<u><u>\$ -</u></u>

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Totals	
2004	2003
\$ 2,292	\$ 3,076
1,819	3,006
<u>4,111</u>	<u>6,082</u>
2,282	11,182
<u>6,393</u>	<u>17,264</u>
376,000	4,216,000
<u>190,246</u>	<u>220,573</u>
<u>566,246</u>	<u>4,436,573</u>
<u>(559,853)</u>	<u>(4,419,309)</u>
541,928	4,362,926
<u>(10,346)</u>	<u>(480)</u>
<u>531,582</u>	<u>4,362,446</u>
(28,271)	(56,863)
<u>143,658</u>	<u>200,521</u>
<u>\$ 115,387</u>	<u>\$ 143,658</u>

## **CAPITAL PROJECTS FUND**

*Open Space Preservation* - to account for private and General Fund contributions for use in open space preservation.

**CASCADE CHARTER TOWNSHIP**  
**Open Space Preservation Capital Projects Fund**  
**Comparative Balance Sheet**  
**December 31, 2004 and 2003**

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	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Investments	<u>\$ 274,261</u>	<u>\$ 90,067</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances</b>		
Unreserved:		
Designated for capital outlay	<u>274,261</u>	<u>90,067</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 274,261</u>	<u>\$ 90,067</u>

**CASCADE CHARTER TOWNSHIP**  
**Open Space Preservation Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Revenues</b>		
Interest and rentals:		
Interest on investments	\$ 4,194	\$ 67
Other revenue:		
Contributions	<u>45,000</u>	<u>90,000</u>
<b>Total Revenues</b>	<u>49,194</u>	<u>90,067</u>
<b>Expenditures</b>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	49,194	90,067
<b>Other Financing Sources</b>		
Transfers in	<u>135,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	184,194	90,067
<b>Fund Balances, January 1</b>	<u>90,067</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 274,261</u></u>	<u><u>\$ 90,067</u></u>

## **PERMANENT FUND**

*Cemetery Perpetual Care*—to accumulate cemetery revenues and interest earnings to be used for cemetery improvements.



**CASCADE CHARTER TOWNSHIP**  
**Cemetery Perpetual Care Fund**  
**Comparative Balance Sheet**  
**December 31, 2004 and 2003**

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	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Investments	<u>\$ 41,507</u>	<u>\$ 32,295</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund balances</b>		
Unreserved:		
Designated for cemetery improvements	<u>41,507</u>	<u>32,295</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 41,507</u>	<u>\$ 32,295</u>

**CASCADE CHARTER TOWNSHIP**  
**Cemetery Perpetual Care Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Revenues</b>		
Interest and rentals:		
Interest on investments	<u>\$ 607</u>	<u>\$ 422</u>
<b>Expenditures</b>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	<u>607</u>	<u>422</u>
<b>Other Financing Sources</b>		
Transfers in	<u>8,605</u>	<u>8,065</u>
<b>Net Change in Fund Balances</b>	9,212	8,487
<b>Fund Balances, January 1</b>	<u>32,295</u>	<u>23,808</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 41,507</u></u>	<u><u>\$ 32,295</u></u>

## **AGENCY FUNDS**

*Trust Account Agency*—to account for the collection of bonds and deposits and payment to the governmental units or other persons entitled to receive these funds.

*Tax Account Agency*—to account for the collection of current and delinquent property taxes and payment to the governmental units or other persons entitled to receive these funds.

**CASCADE CHARTER TOWNSHIP**  
**Agency Funds**  
**Combining Balance Sheet**  
**December 31, 2004**  
**With comparative totals for December 31, 2003**

	Agency		Totals	
	Trust Account	Tax Account	2004	2003
<b>Assets</b>				
Deposits	\$ 43,248	\$ -	\$ 43,248	\$ 155,533
Investments	240,487	5,775,014	6,015,501	4,271,058
<b>Total Assets</b>	<u>\$ 283,735</u>	<u>\$ 5,775,014</u>	<u>\$ 6,058,749</u>	<u>\$ 4,426,591</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 11,410	\$ 11,410	\$ 4,129
Due to other governmental units	-	5,763,604	5,763,604	4,143,787
Escrow deposits	283,735	-	283,735	278,675
<b>Total Liabilities</b>	<u>283,735</u>	<u>5,775,014</u>	<u>6,058,749</u>	<u>4,426,591</u>
<b>Fund Balances</b>				
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 283,735</u>	<u>\$ 5,775,014</u>	<u>\$ 6,058,749</u>	<u>\$ 4,426,591</u>

**CASCADE CHARTER TOWNSHIP**  
**All Agency Funds**  
**Combining Schedule of Changes in Assets and Liabilities**  
**For the year ended December 31, 2004**

	<u>Balances</u> <u>January 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>December 31, 2004</u>
<b>Trust Account Fund</b>				
<b>Assets</b>				
Deposits	\$ 155,533	\$ 1,383	\$ 113,668	\$ 43,248
Investments	123,142	219,924	102,579	240,487
<b>Total Assets</b>	<u>\$ 278,675</u>	<u>\$ 221,307</u>	<u>\$ 216,247</u>	<u>\$ 283,735</u>
<b>Liabilities</b>				
Escrow deposits	<u>\$ 278,675</u>	<u>\$ 221,307</u>	<u>\$ 216,247</u>	<u>\$ 283,735</u>
<b>Tax Account Fund</b>				
<b>Assets</b>				
Investments	<u>\$ 4,147,916</u>	<u>\$ 45,479,640</u>	<u>\$ 44,729,941</u>	<u>\$ 5,775,014</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 114,626	\$ 114,626	\$ -
Due to other funds	4,129	4,370,267	4,362,986	11,410
Due to other governmental units	4,143,787	41,558,714	39,938,897	5,763,604
<b>Total Liabilities</b>	<u>\$ 4,147,916</u>	<u>\$ 46,043,607</u>	<u>\$ 44,416,509</u>	<u>\$ 5,775,014</u>
<b>Totals - All Agency Funds</b>				
<b>Assets</b>				
Deposits	\$ 155,533	\$ 1,383	\$ 113,668	\$ 43,248
Investments	4,271,058	45,699,564	44,832,520	6,015,501
<b>Total Assets</b>	<u>\$ 4,426,591</u>	<u>\$ 45,700,947</u>	<u>\$ 44,946,188</u>	<u>\$ 6,058,749</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 114,626	\$ 114,626	\$ -
Due to other funds	4,129	4,370,267	4,362,986	11,410
Due to other governmental units	4,143,787	41,558,714	39,938,897	5,763,604
Escrow deposits	278,675	221,307	216,247	283,735
<b>Total Liabilities</b>	<u>\$ 4,426,591</u>	<u>\$ 46,264,914</u>	<u>\$ 44,632,756</u>	<u>\$ 6,058,749</u>

## **OTHER INFORMATION**

**CASCADE CHARTER TOWNSHIP**  
**Summary of 2003 Taxes Levied and Collected**  
**For the year ended December 31, 2004**

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current * Collections</u>
<b>Ad Valorem Taxes</b>					
<b>Kent County</b>					
Operating	\$1,192,072,048	5.3140	\$ 6,334,634	\$ 235,818	\$ 6,098,816
Drains	10,583,264		25,238	4,338	20,900
			<u>6,359,872</u>	<u>240,156</u>	<u>6,119,716</u>
<b>Kent District Library</b>	1,192,072,048	0.8710	1,038,256	38,651	999,605
<b>State Education Tax</b>					
Caledonia Community Schools	154,744,554	5.0000	773,721	9,804	763,917
Forest Hills Public Schools	1,016,043,795	5.0000	5,080,208	90,347	4,989,861
Lowell Area Schools	21,284,079	5.0000	106,420	4,509	101,911
			<u>5,960,349</u>	<u>104,660</u>	<u>5,855,689</u>
<b>School Districts</b>					
Kent Intermediate School District	1,192,072,048	3.7903	4,518,273	79,338	4,438,935
Grand Rapids Community College	1,192,072,048	1.7865	2,129,598	37,394	2,092,204
Caledonia Community Schools:					
Other	154,744,554	7.0000	1,083,208	22,285	1,060,923
Operating	127,370,152	18.0000	2,292,662	43,473	2,249,189
Forest Hills Public Schools:					
Other	1,016,043,795	7.6000	7,721,863	215,346	7,506,517
Operating	365,237,473	17.9424	6,553,218	219,723	6,333,495
Lowell Area Schools:					
Other	21,284,079	7.0000	148,986	7,951	141,035
Operating	5,393,525	17.8254	96,141	10,444	85,697
<b>Total School Districts</b>			<u>24,543,949</u>	<u>635,954</u>	<u>23,907,995</u>
<b>Cascade Charter Township</b>	1,192,072,048				
Operating		0.9716	1,158,204	43,106	1,115,098
Fire		0.7352	876,402	32,628	843,774
Police		0.4763	567,778	21,140	546,638
Library		0.3882	462,757	17,230	445,527
Pathways		0.3985	475,036	17,684	457,352
Street lighting assessments			59,065	1,670	57,395
Hydrant assessments			34,042	997	33,045
Delinquent special assessments			16,640	7,463	9,177
Tax administration fees			<u>415,445</u>	<u>11,610</u>	<u>403,835</u>
<b>Total Township</b>			<u>4,065,369</u>	<u>153,528</u>	<u>3,911,841</u>
<b>Total Ad Valorem Taxes</b>			<u>\$ 41,967,795</u>	<u>\$1,172,949</u>	<u>\$ 40,794,846</u>

(Continued)

**CASCADE CHARTER TOWNSHIP**  
**Summary of 2003 Taxes Levied and Collected**  
**For the year ended December 31, 2004**

<b>Tax Abatements</b>	<b>Taxable Valuation</b>	<b>Rate (Mills)</b>	<b>Taxes Levied</b>	<b>Returned Delinquent</b>	<b>Current * Collections</b>
<b>Industrial Facilities (P.A. 198) New</b>					
Kent County	\$ 52,538,187	2.65700	\$ 139,594	\$ -	\$ 139,594
Kent District Library	52,538,187	0.43550	22,880	-	22,880
State education tax:					
Caledonia Community Schools	22,137,407	2.50000	109,687	-	109,687
Forest Hills Public Schools	13,052,900	2.50000	65,265	-	65,265
Kent Intermediate School District	31,377,426	1.89515	99,567	-	99,567
Grand Rapids Community College	31,377,426	0.89325	46,929	-	46,929
Caledonia Community Schools:					
Operating	34,773,021	3.50000	109,821	-	109,821
Other	34,773,021	9.00000	337,406	-	337,406
Forest Hills Public Schools:					
Operating	21,160,761	3.80000	80,410	-	80,410
Other	21,160,761	8.97120	213,865	-	213,865
Cascade Charter Township:	52,538,187				
Operating		0.48580	25,523	-	25,523
Fire		0.36760	19,313	-	19,313
Police		0.23815	12,512	-	12,512
Library		0.19410	10,197	-	10,197
Pathways		0.19925	10,468	-	10,468
Tax administration fees			13,034	-	13,034
<b>Total Industrial Facilities (P.A. 198) New</b>			<b>\$ 1,316,471</b>	<b>\$ -</b>	<b>\$ 1,316,471</b>

\* Current collections include ad valorem and abated taxes collected for and distributed to the Cascade Charter Township Downtown Development Authority. The following amounts were withheld from the various taxing units and remitted to the DDA:

Kent County	\$ 160,653
Kent District Library	26,332
Grand Rapids Community College	54,009
Cascade Charter Township:	
Operating	29,373
Fire	22,227
Police	14,400
Library	11,736
Pathways	12,047
<b>Total DDA capture</b>	<b>\$ 330,777</b>



Hungerford, Aldrin,  
Nichols & Carter, P.C.  

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C P A s   A N D   C O N S U L T A N T S

March 10, 2005

The Township Board  
Cascade Charter Township  
Kent County, Michigan

The following comments pertain to our audit of the financial records of Cascade Charter Township as of and for the year ended December 31, 2004. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected misstatements (passed audit adjustments).

The communications specified by the Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of the Cascade Charter Township.

### **Auditors Responsibility Under Generally Accepted Auditing Standards**

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Cascade Charter Township are described in Note A of the Notes to Basic Financial Statements.

### **Difficulties Encountered In Performing The Audit**

We encountered no significant difficulties in auditing the records of the Township for the year ended December 31, 2004. Township accounting personnel in both the Clerk's and Treasurer's departments are maintaining a timely, accurate and efficient record keeping system. The preparation of financial statements for the December 31 2004 Comprehensive Annual Financial Report took significantly longer than usual due the expanded requirements of Governmental Accounting Standards Board Statement No. 34.

### **Significant Audit Adjustments**

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements. The adjustments required were those typically made in prior years as a part of the audit process. These adjustments have been entered into the Township's computer accounting system by Township accounting personnel to bring Township records into agreement with audited balances.

#### **General Fund**

1. \$1,296,577 to record taxes receivable and deferred revenue from the 2004 Township winter tax roll at year end.
2. \$11,410 to record interest earned in the Tax Account in 2004 due to the General Fund at year end.
3. \$19,827 to record additional accounts payable at year end.

#### **Fire Fund**

1. \$1,625,334 to record taxes receivable and deferred revenue from the 2004 Township winter tax roll at year end.

Police Fund

1. \$588,590 to record taxes receivable and deferred revenue from the 2004 Township winter tax roll at year end.

Library Fund

1. \$479,712 to record taxes receivable and deferred revenue from the 2004 Township winter tax roll at year end.

DDA Fund

1. \$371,761 to record taxes receivable and deferred revenue from the 2004 Township winter tax roll at year end.

Pathways Fund

1. \$492,440 to record taxes receivable and deferred revenue from the 2004 Township winter tax roll at year end.

There were no adjustments proposed during the audit not recorded by Cascade Charter Township.

**Suggestions And Recommendations**

We offered suggestions and recommendations regarding the day-to-day operations of the Township computer and accounting systems to the Manager, Clerk, Treasurer, and accounting personnel of the Township as the topics arose during the course of our audit field work. Hopefully, these suggestions will improve the operations of the Township and assist in more efficient monthly and year end financial record keeping and reporting.

\* \* \* \* \*

This communication is intended solely for the information and use of the Cascade Charter Township Board of Trustees, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to the Cascade Charter Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of the Township Manager, Clerk, Treasurer and accounting personnel in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

*Hungerford, Alden, Nichols & Martin, P.C.*

Certified Public Accountants